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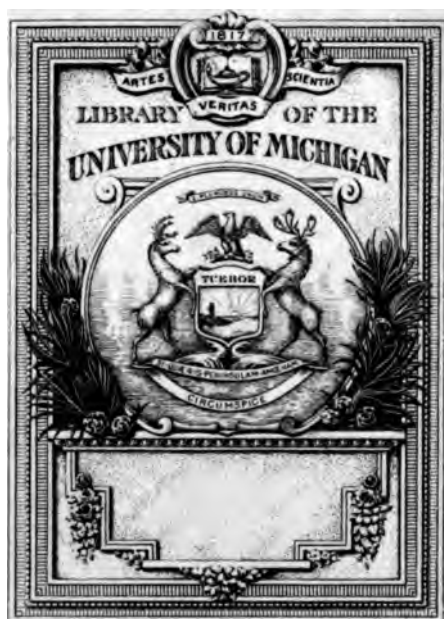
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OLD AGE**

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FACING OLD AGE

**A STUDY OF OLD AGE DEPENDENCY IN THE
UNITED STATES AND OLD AGE PENSIONS**

BY

ABRAHAM EPSTEIN

**Formerly Director Pennsylvania Commission to Investigate
Old Age Pensions**



NEW YORK

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MCMXXII

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Published, March, 1923

*Set up and printed by the Vall-Ballou Co., Binghamton, N. Y.
Paper furnished by W. F. Etherington & Co., New York, N. Y.
Bound by the H. Wolf Estate, New York, N. Y.*

MANUFACTURED IN THE UNITED STATES OF AMERICA

"The days of our years are three score years and ten; and if by reason of strength they be four score years, yet is their strength labour and sorrow; for it is soon cut off and we fly away."—90th Psalm.



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FOREWORD

This book is, frankly, an appeal for social action. It attempts to set forth the need for a constructive policy with regard to the aged. While the tide in social legislation seems to have turned during the past few years, so that in many states attempts are being made to repeal long sought for protective measures, there is on the other hand evidence of an awakening of many to the realization that the problem faced by the aged cannot be ignored or postponed much longer. There is a growing consciousness that social action is as inevitable for the United States as it was in most countries abroad. Suffice it to mention the many state commissions investigating the problem recently, the great number of industrial concerns grappling with it, and the numerous resolutions adopted by many church bodies, fraternal orders and trade union organizations endorsing government legislation with regard to the aged. The fact that twenty-six foreign countries have already adopted some form of social action for the relief of the aged is indicative further that the problem is a matter for social rather than for individual solution.

The writer did not approach the question of insurance with any preconceived notions. Three years of first hand study of the problems of the aged in one of our leading industrial states—Pennsylvania—convinces him, however, that no other way out is feasible. Our present methods, in dealing with the aged are antiquated, inefficient, ineffective, costly and demoralizing. Some constructive social policy must be inaugurated. In discussing the plans suggested for adoption, an earnest effort has been made to present the merits and demerits of each proposed scheme of legislation impartially. The

writer may be accused, however, of a certain bias in connection with this presentation, to which he pleads guilty. Absolute impartiality in matters of social policy is only possible when convictions and interests are slight. After everything has been said and done it remains for the individual to determine what he understands by "right" and "truth," and he can only be guided by his own conscience and convictions.

In describing the pension systems of foreign governments, an attempt has been made to bring the facts up to date. This was only partly successful. Since the beginning of the war, European documents which were readily obtainable under normal conditions, have been very meagre and limited, and some reports have not been brought up to date.

The subject matter in the book beginning with Chapter Eight has been drawn liberally from the report of the Pennsylvania Commission on Old Age Pensions which was written by the author in 1919. Everywhere, however, an attempt has been made to collect and present the latest available data.

The writer wishes to record his debt of gratitude to the Pennsylvania Commission on Old Age Pensions, which has so generously extended to him the time and the office facilities which were necessary in the preparation of this volume. The keen interest of members in the problem has been a constant encouragement and source of inspiration. He also wishes to acknowledge his indebtedness for helpful suggestions in preparing the manuscript to Professor Henry R. Seager of Columbia University, Mr. George M. P. Baird, formerly of the University of Pittsburgh, Miss Mary Bogue of the Mothers' Assistance Fund of Pennsylvania, Miss Theresa Wolfson of the Consumers' League of New York State, and Mrs. Helen Glenn Tyson, of the University of Pittsburgh.

A. E.

NEW YORK CITY

July 5, 1921

INTRODUCTION

During the past dozen years, America has made her greatest progress in manifesting public concern for her large numbers of bread-winners who are annually rendered incapable of self-support by accident, sickness, unemployment and old age. These four great contingencies in the life of the wage-earner—long recognized as social problems of pressing importance in countries of earlier industrial development—now claim our increasing attention.

The free access to tillable land, which long offered "another chance" to the dissatisfied industrial employee, has become to millions of American city dwellers nothing more than a dream. Meanwhile, as our country has become increasingly industrialized we have invited to our shores millions upon millions of immigrants whose course of thinking has not been influenced by American social and economic opportunities of the past. We have a diverse population that yearly becomes more and more like the populations of those older countries, and still less akin to our earlier sturdy sons of immigrants who half a century ago could and did sing "Uncle Sam is rich enough to give us all a farm!"

With the ever-increasing demand for essential workers in our industries has come a condition where matter-of-fact statisticians report 3,000,000 disabling accidents yearly causing 50,000,000 days lost time; and 250,000,000 days lost annually on account of sickness; while "four times in a single generation the numbers of the unemployed in the United States have been counted by millions and the idle capital of the country has been

counted by the billions of dollars." All of this has its effect upon savings for old age.

The United States, a younger nation, and with traditions of individualism based on earlier opportunities, has been slower to face these industrial problems, but recently there have been signs of an awakening sense of responsibility. Voluntary efforts of trade unions and humanitarian experiments of the more thoughtful employers have blazed the way towards social action. Half-a-hundred official investigating commissions have collected, classified and disseminated information—resulting in most instances in recommendations for American legislation.

The industrial accident problem has been attacked in America by an intelligent method of social insurance, and although fully adequate benefits are not yet offered, within twelve years no less than forty-seven workmen's compensation laws have been adopted. Naturally enough, the equally important problem of wage earners' sickness is now under constant investigation and the public is learning to look upon it as a subject which will in future claim far more sweeping legislative attention. Unemployment, the most complex of all industrial questions, periodically forces its way to the front pages of our newspapers, and in 1921 the Senate Judiciary Committee in one state legislature, by unanimous vote, recommended the adoption of compulsory unemployment compensation. The rapid spread of American social legislation, when once initiated, is strikingly illustrated by the adoption of Mothers' Pension Laws in forty-one states and territories during the nine years 1911 to 1919.

Old age dependency has been less talked about, partly no doubt because this evil presents itself less dramatically—its saddest victims usually being hidden from the public eye—partly also, because fewer people realize its connection with our modern industrial methods. Men have always grown old, it is true, but now when they must seek work in a system whose

demands for intense application or speed are often merciless, they are rejected as unemployable and find themselves without means of support at an earlier age. In exceptionally fatiguing or dangerous trades the "human scrap heap" age is distressingly low. A system which in the past has paid wages far too low to permit the average workmen to prepare for old age by saving, is annually refusing jobs to thousands who are "too old" to do its work.

The haphazard attempts to meet this problem through public or private charity, employers' pension systems and trade union or fraternal society benefits, have proved to be not only inadequate and inhumane, but also both costly and wasteful. Recently great progress has been made toward scientific handling of the problem as it affects public employees, especially teachers.

The United States Government and many states and cities have organized successful pension systems for their public servants. A valuable record of a large scale American experiment is furnished in the report of the first year's experience of the federal government with its pension plan covering nearly one-third of a million civilian employees in the classified service. But the problem of old age dependency for private employments, has not been adequately met in any part of the United States. Fortunately, signs of intelligent interest are becoming more and more evident. Half a dozen states have appointed commissions to study the subject, valuable material has been gathered, and bills drafted. Unofficial but equally interesting investigations have been carried on by labor organizations and fraternal orders. Americans are recognizing the urgency of this problem and are seeking authoritative information.

Not since the publication in 1912 of Mr. Squier's "Old Age Dependency in the United States," have we had a new and comprehensive book treating this problem. Appearing now when there is both need and demand for such information, Mr. Ep-

stein's volume is especially timely and valuable. His experience as Director of the Pennsylvania Commission on Old Age Pensions has given him an exceptional opportunity for intensive study of the field, and the book contains a wealth of modern, well-organized material presented from the modern American point of view. It is decidedly the most convenient compilation of up-to-date information on this very important subject.

JOHN B. ANDREWS.

24 Gramercy Park, New York City.

January, 1922.

PART I
ACTUAL CONDITIONS
OF THE AGED

CHAPTER I

AFTER SIXTY—WHAT?

The progress of a nation may be marked by the care which it provides for its aged. The nineteenth-century doctrine of *laissez-faire*, as applied to aged and superannuated wage-earners, has been practically discarded by most civilized nations, including every English-speaking country in the world except the United States. Instead, a definite policy of social legislation has superseded the chaotic and degrading practices of alms-giving and poor relief. The enemies of social legislation in this country, however, still contend that the millions of workers in our industries "are working for themselves; that they have unrestricted control over the expenditures of their incomes, and that they have their future fate in their own hands."¹ As a nation, we are still frightened at the thought of becoming "our brother's keeper." In spite of superior wealth and accumulation of goods, our national conscience is not in the least disturbed when the former creators of our wealth are forced to drag out their final days, physically exhausted, friendless and destitute, in the wretched confines of a poor-house, or to receive some other degrading and humiliating form of pauper relief.

To protect the wage-earners in their old age is merely to recognize the changes wrought in our industrial system. Old age was not universally dreaded before the industrial revolution or the advent of the modern factory system. On the contrary, it was even looked forward to with a certain feeling of satisfaction and accomplishment. In the patriarchal state, old age

¹ (F. L. Hoffman, "American Statistical Association Publications," March 1909, pp 368-9).

was revered and the aged person in tribal economy was considered the embodiment of wisdom and authority.¹ In an earlier system where the tribe or clan was a unit, the old remained supreme and their superiority continued beyond their productive years. Under the feudal system the lord was obliged to take care of his workers in case of sickness, accident, and old age. The artisan or labourer in mediaeval times ordinarily continued to work as long as he could produce something. In the early state of the factory system also the economic relations between men were more inter-dependent and of a more permanent character. The labour contract was usually lifelong, and the employer took a personal interest in the welfare of his workers. Again, in an agricultural society men and women are still useful in their old age, and their activities rarely cease before actual senility has set in. Under these conditions, men and women did not look with dread upon approaching economic old age, and there was little necessity for individual provision against it.

Our modern wage system presents an entirely different spectacle. Today, most men and women are dependent upon their daily toil for their daily bread. The pace of the present industrial system tends to wear workmen out rapidly. Fatigue produced by over speeding as well as the hazards characteristic of modern industry have shortened the period of effective

¹ The reverence shown aged persons is clearly illustrated from the following incident given by Dewey & Tufts in their "Ethics" (pp 17-18):

"A Chinese aided by his wife flogged his mother. The imperial order not only commanded that the criminals should be put to death; it further directed that the head of the clan should be put to death, that the immediate neighbours each receive eighty blows and be sent into exile; that the head or representatives of the graduates of the first degree (or B. A.) among whom the male offender ranked should be flogged and exiled; that the granduncle, the uncle, and two elder brothers should be put to death; that the prefect and the rulers should for a time be deprived of their rank; that on the face of the mother of the female offender four Chinese characters expressive of neglect of duty toward her daughter should be tattooed, and that she be exiled to a distant province; that the father of the female offender, a bachelor of arts, should not be allowed to take any higher literary degrees, and that he be flogged and exiled; that the son of the offenders should receive another name, and that the lands of the offenders for a time remain fallow."

production of industrial workers. Increased industrial efficiency, "scientific management," the "bonus system" and specialized and standardized production are forces which are increasingly using up human energy at greater speed and in a briefer period of life. Often, at the age when the worker in agricultural pursuits is considered to be in his prime, the industrial worker is found to have become worn out and old. And, in industry, once the approach of old age becomes apparent, the worker is thrown upon his own resources.

Unlike the gradual physical decline in old age characteristic of agricultural and less developed industrial countries, economic superannuation, which takes place abruptly and earlier in life, stands like a spectre before industrial workers. Few industrial wage-earners may expect to continue at their accustomed work until the end of their days. Because of the developed efficiency standards, so essential to successful business, the wage-earner finds the problem of old age principally one either of increasing inability to find employment or at best of employment at low compensation. After a certain age has been attained, although the worker may still be able to do fair work, if he is no longer able to maintain his former speed, he is likely to be eliminated from industry. The old man finds it difficult to secure work even at low wages. Rowntree and Lasker, in a study of unemployment in Great Britain, found old age the primary causal factor in 23.3 per cent. of the cases studied. These investigators assert that: "It is unfortunately indisputable that when a skilled worker gets past 40, he finds it very difficult to meet with an employer who is willing to give him regular work."¹ What is true in England in this respect is equally true in the United States.

Contrary to the conditions existing in the professions, in business, or in politics, where men often do their best work at about the age of 60, and where experience and long standing

¹ Rowntree, B. S. and B. Lasker. Unemployment, Macmillan 1910, p 38.

count a great deal, the industrial worker finds himself not infrequently eliminated from productive industry after passing his fiftieth birthday. With the continuous introduction of new machinery and newer processes of work, age and experience are of little value. The labor contract in the factory system is made only for a temporary period, and the employer ordinarily does not feel under obligation to support his workers during their declining years of inactivity. Thus it is not uncommon today to find aged and decrepit workers relegated to the industrial scrap-heap as useless and of no economic value. Says Prof. E. T. Devine:

"It is notorious that the insatiable factory wears out its workers with great rapidity. As it scraps machinery so it scraps human beings. The young, the vigorous, the adaptable, the supple of limb, the alert of mind, are in demand. In business and in the professions maturity of judgment and ripened experience offset, to some extent, the disadvantage of old age; but in the factory and on the railway, with spade and pick, at the spindle, at the steel converters there are no offsets. Middle age is old age, and the wornout worker, if he has no children and if he has no savings, becomes an item in the aggregate of the unemployed. The veteran of industry who is crowded out by changes in processes and the use of new machinery is obviously an instance of maladjustment."¹

It will become evident in the discussions that follow, that the problem facing the aged today is largely the creation of the modern machine industry with its components of specialization, speed, and strain. It is a result of the elimination of large numbers of workers as soon as they are unable to keep up fully with the demands of modern methods of production. The introduction of new inventions and more specialized machinery, inevitable in the evolutionary process, while resulting in an ultimate good, always involves the replacing of men, which in the case of the aged, has an absolutely harmful effect, as it

¹E. T. Devine, *Misery and its Causes*, p. 125.

leaves them destitute. For, in addition to preventing their continuity in their regular work, it precludes also their adaptability to newer processes of work. The lot of the aged and superannuated worker is thus adversely affected by practically every step of industrial progress; and little or no benefit is derived by old wage-earners from industrial improvements.

Not infrequently when the difficulties facing the aged wage-earners are set forth, the smug and complacent citizen replies: "As one makes his bed, so he lies." Poverty in old age, it is asserted, is chiefly the result of improvidence, intemperance, extravagance, thriftlessness, or similar vices. As a result of this convenient philosophy, we have made practically no attempt at the amelioration of the adverse conditions facing old age. More and more, however, it is coming to be recognized by all students of social and economic conditions that with the cost of living soaring continuously the great masses of wage-earners cannot lay aside from current wages sufficient to provide for possible emergencies. This has become especially patent as careful data on wages and incomes have been gathered by such students and responsible organizations as, Chapin, Ryan, Streightoff, Nearing, the United States Census, the Bureau of Labor Statistics in the United States Department of Labor, the National Industrial Conference Board, and many of the state bureaus. This entire problem will be discussed at length in Chapter VI. It is sufficient to state here, that under present economic conditions and those of the past decade, the average wage-earning family must indeed be possessed of great resourcefulness even to make both ends meet, to say nothing of being able to save. In this connection it must also be pointed out that saving for old age is especially difficult because the need is remote and current demands press. The dangers of poverty in old age hardly impress the minds of the young. Most people have a working belief that things will be different thirty or forty years hence, a time which, indeed, seems unreal and distant. As Professor Seager aptly points out:

"The conditions of modern industry have failed to supply motives for saving sufficiently strong to take the place of those that are gone. It is true that saving is still necessary to provide for the rainy day, for loss of earning power due to illness or accident or old age, but against these needs is the insistent demand of the present for better food, for better living conditions, for educational opportunities for children. This demand is not fixed and stationary. It is always expanding. . . . One consequence of our living together in cities and daily observing the habits of those better off than we are is that we are under constant pressure to advance our standards. This pressure affects the wage-earner quite as much as it does the college professor. Both, when confronted with the problem of supporting a family in a modern city, find the cost of living as Mark Twain has said "a little more than you've got."¹

The problem to be faced in old age by wage-earners may thus be summarized as being two-fold in character. First, the wage-earner is confronted with the fact of being compelled to discontinue work much earlier in life than should be necessary, not because he is completely worn out, but because he is unable to maintain the pace necessary in modern production; and secondly, he faces the inability to provide individual savings to support himself in old age.

In addition, the above conditions of impotence in old age are augmented still further by the break-up of the family unit in modern society. With increasing rapidity home-ties and family solidarity are being weakened and broken by the mobility so essential to modern industrial development. This is especially true in the United States and among wage-earners. The migratory and immigrant labourers move from lumber-camps to harvesting fields, railway construction, and public works as the change of employment offers. Thousands of aged workers find themselves in a strange country without friends or relatives. Many of these have never had children, or if they are parents, their children are unable to assist them.

¹ H. R. Seager "Social Insurance," pp 10-11.

Ordinarily, the children are either unattached migrants or are married and have children of their own who must be supported and educated. No one contends that it is good social policy to have children undernourished and set to work early in life in order that they may help support the passing generation. And as a result one finds that the only source which secured sustenance and bare comfort to old age, in an earlier society, has disappeared for a great many. We, therefore, send these unfortunates, in our laissez-faire fashion, to the unfriendly poorhouses to secure the care and comforts available. Do they secure it? Says Professor Devine:

"Suicide, friendless old age, unemployment under ordinary industrial conditions, some forms of insanity and other disabling disease, immorality and crime, owe a part of their prevalence and their virulence to the absence of the capacity or opportunity for personal friendship, to the absence of those social props and safeguards which our friends naturally supply. The almshouse is the final apotheosis of friendlessness."¹

Indeed, once the difficulties faced in old age by the great majority of workers are realized, one cannot but wonder whether the fact that the aged population in the United States has increased from 3.5 per cent. for those 65 years of age and upward in 1880 to 4.3 per cent. in 1910, and that the expectation of life has improved, has been a desirable thing and is to be considered much of a blessing by the aged poor. Faced with conditions such as described above, and with the almshouse as the final destination of a life of destitution and drudgery, do they not look upon modern industrial development, as well as the advances made in medical progress and health as the creations of an evil spirit, which have, on the one hand, curtailed their period of production, and, on the other hand, prolonged their years of misery by the increased duration of life?

¹ E. T. Devine, *Misery and its Causes*, pp. 159-60.

CHAPTER II.

THE INDUSTRIAL SCRAP HEAP

The prospects of living to old age are becoming increasingly better as methods of sanitation and public health are improved. According to the United States Life Tables, the American vital statistics in 1910 showed that out of every 100 persons at the age of 20, 64 will reach the age of 60; 54, the age of 65; and 42, the age of 70. Of 100 persons alive at the age of 30, 53 will reach the age of 65, and 48 will not die before 70. In other words, of all men alive at the age of 30, more than one-half will reach 65. A person who has reached the age of 65 may still expect to live 11 more years, and the person who has reached the age of 70 may still hope to have nine more years of life. In 1880, according to the U. S. Census, the number of persons 65 years of age and over in the entire population constituted 3.5 per cent. This aged population increased to 3.9 per cent. in 1890, to 4.2 per cent. in 1900, and to 4.3 per cent. in 1910. Of males 15 years of age and over, the number of those 65 and over increased from 54 per thousand in 1880 to 60 in 1890 and 63 in 1910. It is thus clear that the proportion of older persons in the United States has been constantly increasing.

In 1900 there were in the United States 3,083,995 persons 65 years of age and over, constituting 4.2 per cent. of the total population. In 1910 this number increased to 3,949,524 and constituted 4.3 per cent. of the population. Of the nearly four million persons 65 and over in 1910, 1,679,503, or 42.5 per cent., were between the ages of 65 and 69. The magnitude of the old age problem is more easily appreciated when one

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reflects that this aged group outnumbers the entire population of the United States during the time of the Revolution—the first Census of 1790 giving the total population of the United States as 3,929,214. No State in the Union, save the States of New York, Pennsylvania, Illinois, and Ohio, has a greater population; and the aged population in 1910 was greater than the combined populations of the states of Arizona, Delaware, Idaho, Montana, Nevada, New Hampshire, New Mexico, North Dakota, Utah, Vermont, Wyoming, the District of Columbia, and Alaska.

According to the United States Census of 1910 there were in the United States at that time 38,167,386 persons 10 years of age and over engaged in gainful occupations. These constituted 53.5 per cent. of the entire population of that age, an increase of 3.1 per cent. over those reported gainfully employed for the same ages in 1900, and an increase of 6 per cent. in the population of the same age as compared with the proportion gainfully employed in 1880. In the case of the male population 10 years of age and over, 81.3 per cent. were recorded as gainfully employed in the United States in 1910 as compared with 80.0 per cent. reported in 1900, and 78.7 in 1880. Of the female population 23.4 per cent. of those 10 years of age and over were reported gainfully employed in 1910 as compared with 18.8 per cent. employed in 1900, and 14.7 per cent. in 1880.

That few wage-earners are able to continue at work until the end of their lives is known to all. While the percentage of the entire population which must secure its livelihood through gainful work has steadily increased in the United States, it is significant to note that the same Census figures show that after middle age the percentages of those engaged in industry and trades have been continuously diminishing. Out of every 100 males in gainful occupations in the United States in 1890, thirteen and one-half were between the ages of 45 and 54; eight between the ages of 55 and 64, and five and three-tenths were

65 years of age and over. In the same year, ninety-six and six-tenths out of every 100 males between the ages of 45 and 54 were found gainfully employed. Of those between the ages of 55 to 64, 92.9 per cent. were still found occupied, while of those 65 years of age and over, 73.8 were still recorded as engaged in gainful occupations. Ten years later, in 1900, the percentage of males employed between the ages of 45 and 54 was 95.5; of those between 55 and 64, 90 per cent., and the percentage of those over 65 who were still occupied dropped to 68.4, a decrease of 5.4 per cent. in 10 years. The 1900 Census figures also show that of all the males 55 years of age and over, 85 per cent. were found gainfully employed in 1890, but only 80.7 of the same were employed in 1900, a decline of 4.3 per cent. in 10 years.

The 1910 Census gives no age classification over 45. The information available shows, however, that while in 1900, 87.9 per cent. of all males over 45 were gainfully employed, the percentage declined to 85.9 in 1910. Assuming that the same rate of decrease of the gainfully employed males 55 years of age and over held true in the period between 1900 and 1910 as that which took place between the decade of 1890 and 1900, there would be only 76.8 per cent. of males 55 and over, in the United States employed in 1910, as compared with 80.7 in 1900, and 85 in 1890. Similarly, in regard to those 65 and over, 63 per cent. of the males in the United States would have been employed in 1910 as compared with 68.4 in 1900 and 73.8 in 1890. Thus it may be assumed that of the 4,660,379 males 55 years of age and over in 1910, 1,081,208 were already eliminated from the gainfully employed class.

DECLINE OF GAINFULLY OCCUPIED MIDDLE-AGED MALES

Ages	Percentage of Gainfully Occupied		
	1890	1900	1910
45-54	96.6	95.5	
55-64	92.9	90.0	
65 and over	73.8	68.4	63 (estimate)
55 and over	85.0	80.7	76.8 (estimate)
45 and over		87.9	85.9

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The steady reduction in the percentages of those gainfully employed in the later years of life, as shown by the United States Census reports, is largely due to the decrease in the population of those ages engaged in industrial and manufacturing pursuits rather than agricultural and professions. This is obvious from the following: Of the total 38,167,336 gainfully employed persons in the United States in 1910, 12,567,925, or 32.8 per cent., were engaged in agricultural pursuits; 10,807,521, or 28.4 per cent., were engaged in manufacturing and mechanical occupations; 7,605,730, or 20 per cent., in trade and transportation; 5,361,033, or 14 per cent., were found employed in domestic and personal services, and 1,825,127, or 4.8 per cent., were engaged in various professional vocations. The tremendous expansion in the manufacturing and mechanical pursuits is apparent from the fact that the population engaged in these occupations in 1900 was only 7,085,309. There was an increase of more than three and one-half millions in 10 years. On the other hand, of the 1,065,000 men 65 years of age and over reported gainfully employed in 1900, approximately 50 per cent. were engaged in agriculture, a considerable number were engaged in the professions and business, and only about one-third of the number were employed as wage-earners. In 1900 the persons 55 years of age and over constituted 12.3 per cent. in all occupations. When this group is classified in accordance with the nature of its work, it is found that 15.1 per cent. of this group were engaged in agricultural pursuits; 15 per cent. in professional vocations; 10.5 per cent. in domestic and personal services; 10.5 per cent. in manufacturing and mechanical pursuits, and 9.5 per cent. in trade and transportation. Thus while the aged group of 55 and over constituted 12.3 per cent. in all occupations it is much higher than this average in the case of agricultural and professional pursuits, but is much below the average in the case of manufacturing and transportation occupations. This is practically the reverse of the proportions

found among those gainfully employed in the various industries in the earlier age groups.

Further light upon this phase may be gleaned from the Twelfth Census. According to the 1900 Census enumeration, the percentage of the total number of workers in all occupations between the ages of 45 and 54 formed 25.8 per cent. of workers of all ages employed in all occupations. The percentage of those employed between 55 and 64 was 12.3, and that of those 64 and over, 4.4 per cent. These figures were obtained after the elimination of certain occupations which have a large proportion of boys as well as those in which the majority of workers were women. A comparison of the percentages for all occupations with the percentages of those engaged in the industries given in the table below reveals the fact that, while in the outdoor industries the percentage of those employed between 45 and 54 holds approximately true, it is considerably below in the case of the heavier industries, and much below the general proportion after the 55th birthday has been reached.

NUMBER AND PER CENT OF EMPLOYEES 45 AND OVER IN
SELECTED INDUSTRIES IN THE UNITED STATES, 1900¹

Occupation	45 to 54		55 to 64		65 and over	
	No.	Percent	No.	Percent	No.	Percent
All Occupations	6,187,927	25.8	2,925,122	12.2	1,065,275	4.4
Marble & Stone Cutters...	14,339	26.3	5,264	9.6	1,498	2.7
Painters, Glaziers, Varnish- ers	69,681	25.2	28,406	9.9	7,759	2.8
Brewers and Malsters....	5,204	25.1	1,686	8.1	419	2.0
Steam Boilermakers.....	5,988	17.0	2,103	6.3	527	1.5
Iron and Steel Workers...	47,042	16.8	15,789	5.4	3,783	1.3
Brass Workers	3,822	14.7	7,394	5.3	360	1.3
Potters	1,950	14.7	691	5.2	208	1.5
Glass Makers	5,575	11.7	1,737	3.6	392	0.8

The Thirteenth Census does not give the age classifications which would make a similar comparison possible. However, the Massachusetts Commission on Old Age Pensions, Annuities, and Insurance, found in 1910, in a study of 870 aged persons, that the average age at which the wage-earning power was completely lost was 68 years. The average age at which the

¹ Report of Ohio Health and Old Age Insurance Commission, p. 209.

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earning power was partially impaired, in a study of 872 partially incapacitated persons, was 64. In 1918, the Ohio Commission on Health Insurance and Old Age Pensions found in six foundries employing 500 moulders only three men over 50 years of age engaged in heavy floor moulding. Ten men over 60 were engaged in light bench moulding.

The table below shows succinctly that the strain of modern machine industry permits only a few wage-earners to remain at work after they have passed three score and five. It is further proof of the above figures pointing to the constant reduction of those 65 years of age and over engaged in mechanical and manufacturing pursuits. An examination of the table compiled in 1920, regarding the ages when actually pensioned as compared with the ages required by these large concerns for obtaining a pension, reveals the fact that in spite of the strict regulations provided, a number of these have actually been pensioned before the specified age. Thus more than one-half of those on the pension list of the United States Steel and Carnegie Pension Fund have retired before the age of 65, although the age for voluntary retirement is set at 65. In the case of the pensioners of the Pennsylvania Railroad Company, while the compulsory age of retirement is set at 70, 44 per cent. had been placed on the pension list before they had reached the compulsory retirement age. Similar proportions are found in the case of most of the other industrial pensioners.

The extent of disability of wage-earners as they are affected by both age and occupations has been brought out in a comprehensive manner by Dr. Boris Emmet from studies recently made of the Workmen's Sick and Death Benefit Fund of the United States, for the United States Bureau of Labour Statistics.¹ These investigations show conclusively that age and occupation

¹ Labour Review, November 1919; Ibid, March 1920 and Modern Medicine, September, 1919.

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are the two most important factors in determining the duration and extent of disability. The average number of days of disability per member was found to be 6.6 per annum. An examination of the age groups shows that up to the age of 45 the disabilities' duration is below the average, but from that age on, it increases steadily until it averages 15.2 in the case of those who are 70 years of age and over. By the different age groups the percentages above (+) or below (—) the average are as follows:

Age Group	Average No. of Disability Days	Per Cent of Deviation from Average
Under 20 years.....	5.2	— 21.2
22 to 24 years.....	4.8	— 27.8
25 to 29 years.....	5.0	— 24.2
30 to 34 years.....	4.9	— 25.8
35 to 39 years.....	5.6	— 15.1
40 to 44 years.....	6.4	— 8.0
45 to 49 years.....	Same as average	
50 to 54 years.....	7.4	+ 12.1
55 to 59 years.....	9.0	+ 36.4
60 to 64 years.....	12.0	+ 81.8
65 to 69 years.....	13.8	+109.1
70 years and over.....	15.2	+180.8
All age groups.....	6.6	None

The occupational hazards of certain of our large industries are presented so clearly in the table below that no comment at length is necessary. While in the professions the average number of days of disability per year is 2.6, it progresses continuously until in the case of miners it reaches 9.7, almost four times as great.

ANNUAL DISABILITY DAYS FOR EACH OCCUPATION

OCCUPATION	AVERAGE ANNUAL DISABILITY DAYS PER YEAR
Professional	2.6
Jewelers	3.6
Clothing Mfr. Employees.....	4.4
Textile Mfr. Employees	4.5
Trade and Clerical.....	4.7
Electrical Workers	4.8
Other Manufacturing Employees.....	5.1
Farmers, Gardeners, and Florists.....	5.3
Sheet Metal Workers.....	5.6

FACING OLD AGE

Occupation	Average Annual Disability Days per Year
Plumbers	5.6
Plasterers	5.6
Unspecified Occupations	5.7
Molders	5.8
Leather Workers	5.8
Tanners	5.8
Auto, Carriage and Wagon Mfg. emp.....	5.9
Barbers	5.9
Engineers and Firemen.....	6.0
Bartenders	6.0
Woodworkers	6.1
Printers and Engravers.....	6.1
Machinists	6.1
Food Employees	6.2
Cooks and Waiters.....	6.2
Dyers	6.4
Painters	6.4
Clay Products Mfg. emp.....	6.6
Other Building Construction emp.....	6.0
Carpenters	6.7
Tobacco and Cigars.....	6.8
Slaughtering and Meat Packing emp.....	6.9
Blacksmiths	6.9
Labourers, not specified	6.9
Glass Workers	7.1
Bricklayers	7.1
Stone and Granite.....	7.5
Liquor Manufacturing emp.....	7.9
Railway Employees	8.4
Drivers	8.6
Freight Handlers	9.6
Miners	9.7
Average of all Occupations	6.4

A valuable investigation in regard to this phase of the problem was made by the Pennsylvania Commission on Old Age Pensions, during 1918-19. This Commission interviewed over 4,500 people, 50 years of age and over in a house-to-house canvass in the cities of Philadelphia, Pittsburgh, and Reading. It also made a study of the ages of partial and total impairment of workers in several industries. A case of partial impairment was assumed when the individual sustained a reduction in wages, either because of displacement or change in job as a result of sickness or old age. The Commission states that its studies revealed the following:¹

¹ Report Pennsylvania Commission on Old Age Pensions, March, 1919, p. 10.

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(a) The earning power of many workers in Pennsylvania is impaired before they reach the age of 40. The percentages of partial impairment at the age of 40 were found to vary from 2.6 per cent. among indoor and sedentary trades, to 16.4 in the steel industry, and 57 per cent. in the case of railroad workers. Only in the steel industry, however, were there many who were totally incapacitated before the age of 50. In the building trades, 12.6 per cent. were partially impaired before the age of 50; while 6.3 per cent. were totally incapacitated before reaching the same age. On reaching the above age it was found that 55.3 per cent. were partially and 14.1 per cent. were totally impaired in the case of steel workers. Of those engaged in casual occupations 26.7 per cent. have had their earning power partly, and 8.4 per cent. wholly reduced before attaining 50 years of age. Of indoor and sedentary trades the percentage of partially impaired workers before the 50th birthday was 15.2, while 8.3 were wholly disqualified for service at that age. Nearly 27 per cent. among glass blowers had had their earning power reduced before reaching 50 years of age, and 20 per cent. were permanently incapacitated at the same age. Of skilled workmen in the various trades, 29 per cent. were impaired partially and less than three per cent. entirely, before attaining their 50th birthday. Among railroad workers, those whose incomes were affected before the age of 50, the percentages were 64.3 to a partial extent, and 6.2 entirely.

(b) At the age of 60, the proportion of workers, whose earning power had not yet been affected, according to the various trades, were as follows: In the building trades, 55.1 per cent. suffered no loss of income before reaching the age of 60. In the steel industry only 13.2 per cent. were earning the same amounts as in their earlier days at the above age. Thirty-six per cent. of workers, at 60 years of age, were still found to be engaged in casual occupations. Among workers in indoor and sedentary trades, 46.4 per cent. were found without reduction in their earning power at the age of 60. Only 26.9 per cent. of glass blowers were in their full capacity at the age of 70. The percentage of skilled mechanics found in good health at 60 was 25.5, while 28.2 per cent. of railroad workers were found to be in unimpaired health at the age of 60.

The Commission concludes: "An examination of the total num-

ber of aged persons in all the three cities from whom the previous and present occupations were ascertained, shows that men past a certain age must quit even the skilled trades in which they have been engaged the greater part of their lives. Modern industry, apparently, has little use for the superannuated worker. A few men can continue working at the same occupation after they have reached a certain age. While 36 per cent. stated that they were skilled or semi-skilled mechanics in their earlier days, only 23.8 per cent. of men past 50 years of age were still engaged in the same occupation. The percentage of those doing unskilled or common labour or clerical labour, on the other hand, remained stable. It is also to be noticed that in their earlier days less than two per cent. were not working because of incapacity, but 26.6 per cent. were found not to be working among those 50 years of age and over. The fluctuations of the minor occupations are inconsiderable.”¹

Similar studies of several hundred bituminous miners scattered through a dozen mining districts in Pennsylvania and of about two hundred steel workers were recently completed by the writer for the above Commission. The investigations disclose that of 368 miners, 50 years of age and over, 177 were still in fair or good health, while 191 or somewhat more than 50 per cent. of those investigated, were found to be either partially or totally incapacitated. Of the 112 reported as partially incapacitated, 79, or 70.5 per cent., became so before the age of 60; of the 79 reported as totally incapacitated 38, or 50 per cent., were thus disabled before the same age. While most of those reported as partially incapacitated were still engaged in some form of work or other, this was irregular and uncertain, as most of these persons were suffering either from chronic sickness or the consequences of serious accident.

In the case of 146 steel workers, 50 years of age and over, investigated in Homestead and Steelton, 90, or 62 per cent., were found to be either in part or completely impaired in re-

¹ Ibid p. 101.

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spect to their health and earning power, the great majority of these becoming incapacitated before the age of 60. The causes of impairment assigned in more than three-fourths of the cases of both classes of labour were either sickness or accident. Old age, as such, was given only in a few instances as a direct cause of incapacity.

AGES OF INCAPACITY OF MINERS AND STEEL WORKERS

Ages of Incapacity	MINERS		STEEL WORKERS	
	Partial	Total	Partial	Total
Under 50.....	29	15	8	4
50 to 60.....	50	23	25	5
60 to 65.....	18	15	11	6
65 to 70.....	14	20	4	5
70 and over.....	1	6	12	10
Total Incapacitated..	112	79	60	30

The reports of the different State Industrial Accident Commissions and Compensation Bureaus corroborate further the evidence at hand that there are fewer persons past middle age engaged in industry than the proportion of the same group in the entire population. The Industrial Commission of Wisconsin reported in 1915 that of all persons injured at work in that state, 53 per cent. were under 30 years of age; 67 per cent. were under 40; 5 per cent. between 50 to 55, and only 5 per cent. more above that age. For the population 15 years of age and over as a whole, 7 per cent. were 50 to 55, and 16 per cent. were 55 and over.¹ The California Industrial Accident Commission reports that in 1918, of 2,100 permanent injury cases, 1,729, or 82.3 per cent., were under the age of 50; 257 were between 50 and 60, and 114 above that age.² Of 2,569 fatal accident cases which occurred in Pennsylvania in 1919, 1,932 or 75.2 per cent., were under 50 years of age; 262, or 10.2 per cent., were between the ages of 50 and 60, and only 136, or 5.2 per cent., were above that age. The ages of the rest were not ascertained.

¹ Report on Old Age Relief, Industrial Commission of Wisconsin, p 8, 1915.

² Report of Industrial Accident Commission of California, 1919 p. 90.

Even more significant in this respect are the disclosures of an investigation of several trade union locals recently made by the writer. Printers are known to work much longer in life than do workers in many other crafts. In spite of this fact, it was found that of a membership of approximately 1,500, the Philadelphia Typographical Union No. 2 had on its lists only 145 persons, approximately 10 per cent., who were 60 years of age and over; and 47 of these were already on the pension roll of the International Typographical Union. Local No. 98, Philadelphia, of the International Brotherhood of Electrical Workers had no one 60 years of age or over on its membership roll of approximately 1,250. Workers in the building trades, it is frequently asserted, work until very late in life. An examination of the ages of 450 members of Carpenters' Local No. 287 in Harrisburg showed only 25 persons 60 years of age and over. Bricklayers' Local No. 71, in the same city, had only 14 members between the ages of 50 to 60 and a similar number 60 and over among 152 members. Carpenters' Local No. 1073, Philadelphia, has been in existence since 1902 and has a membership of over 1,400. There were in this local only 60 men who were 50 years of age and over, and only seven of these were above 60. A canvass of over 600 miners' locals with a membership of over 120,000 persons, made a few years ago by a Committee of the United Mine Workers of America, showed that there were in these locals a total of 6,283 persons 60 years of age and over, of whom only 2,084 were 65 years and upwards.

From the foregoing evidence it seems obvious that modern industry finds little use for the worn-out workers. It replaces and discards these aged wage-earners as it is in the habit of replacing and discarding the worn-out and inefficient machinery. Once economic old age has set in, the road to dependence is short. Says Mr. L. W. Squier: "After the age of sixty has been reached, the transition from non-dependence to dependence is an easy stage—property gone, friends passed away

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or removed, relatives become few, ambition collapsed, only a few short years left to live, with death a final and welcome end to it all—such conclusions inevitably sweep the wage-earners from the class of hopeful independent citizens into that of the helpless poor.”¹

¹ L. W. Squier, *Old Age Dependency in the United States*, pp 28-29.

CHAPTER III

PASSING BEYOND THE HALF CENTURY MARK

The aged, for the purposes of our discussion, may be classified into three distinct groups. First, the small group of wealthy and independent persons whose economic and social security is assured. This group presents no problem such as those which are discussed in the pages that follow, and may be dismissed. Secondly, the great mass of the aged wage-earners who are presumably non-dependent because, in order to avoid the stigma of pauperism, they do not, as a rule, seek aid from charitable and philanthropic sources. These will prefer to make all sorts of sacrifices rather than seek asylum for their last days in either county poorhouse or benevolent home. Many of this group, therefore, while nominally non-dependent, may nevertheless be below the poverty line, and very often, although they find themselves in want through no fault of their own, will prefer to endure hardship rather than accept charity. From any point of view this group, which represents the great majority of wage-earners, has the greatest claim to protection and relief in old age. Their problems must not merely attract attention but must be studied thoroughly and met squarely with a constructive social policy. The third group, which is considerably smaller, is composed of the institutional and pauper classes and includes the inmates of the State, county and private charitable institutions, as well as the recipients of public or private relief from local poor boards, philanthropic organizations, churches and similar institutions. Knowledge of the actual conditions which compelled this unfor-

tunate group to seek relief; an examination of the effects and consequences of our present methods of relief distribution; and a revaluation of these methods in terms of social justice, are essential in a study of this aged pauper group.

The proportion of the presumably "non-dependent" aged persons in the United States who are actually living in want and are in need of systematic relief is difficult to estimate accurately. The Census reports supply very meagre data for the determination of the extent of old-age dependency in the United States; especially is this true with regard to the non-institutional aged. However, a number of studies have been made recently which may be considered fairly indicative of the magnitude of the problem. The first study of dependency of the aged was made in 1908-9 by the Massachusetts Commission on Old Age Pensions, Annuities and Insurance. This Commission estimated the number of persons 65 years of age and over in Massachusetts to be 177,000 in 1910. Of this number 41,212, or 24 per cent., were found either to be residing in correctional institutions and public or private pauper and benevolent homes, or were the recipients of public or private outdoor relief, or United States pensions. One hundred and thirty-five thousand, seven hundred and eighty-eight, or 76 per cent., of these aged in Massachusetts were "non-dependent," as far as could be ascertained. Basing his calculations upon the Massachusetts figures, L. W. Squier estimated that approximately 1,250,000 of those 65 years of age and over in the United States are dependent upon public and private charity.

This estimate was admittedly conservative, as Mr. Squier's calculations were based upon cases of relief granted by the organized charitable agencies; and even the recipients of this form of relief could not have been, in the nature of such studies, completely gathered by the Massachusetts Commission. No account was taken of the unofficial and less known relief agencies, and it goes without saying that neither the Massachusetts

Commission nor Mr. Squier could determine the amount of private charity extended. That Mr. Squier has under-estimated rather than over-estimated the total number of aged dependents, is shown by the 1915 decennial census of Massachusetts. In this state-wide enumeration there were found 189,047 persons 65 years of age and over, of whom 34,496, or 18.2 per cent. of the total population of that age, were receiving aid from one source or another. However, this number did not include those aged who were receiving pensions from the United States government. The number of this group was estimated at 29,150, or 14.8 per cent. The aggregate number of dependents thus constituted 33 per cent. While many of the latter did not need such assistance, their number doubtless increased the total dependents, and if used as a basis for the entire United States would have increased Mr. Squier's estimate considerably.

Statistics dealing with those aged persons in the United States who are definitely dependent upon public or private relief are scanty and incomplete. The various groups of dependents are classified according to age in only a few instances by the United States Census. The 1910 Census reports that of a total of 84,198 paupers in almshouses in the United States, 35,943 or 42.7 per cent. were 65 years of age and over. In the same year there were 187,791 known insane and feeble-minded persons in the United States, 21,881 or 11.8 per cent. of whom were 65 and over. Of a total of 19,153 deaf and dumb persons in 1910, only 797, or 4.1 per cent., were 65 and over. The number of prisoners 65 and over is not given by the Census, but of the number committed to penal institutions during the year 1910, only 1.6 per cent. were 65 years of age and over. There were in 1910 also 98,846 adult inmates over 21 years of age in benevolent institutions, the large majority of whom were obviously of advanced age. Of the total 57,272 blind persons in the United States, 23,746 or 41.4 per cent. were past threescore and five years. There were in ad-

dition in that year 72,948 dependent adult inmates in hospitals and sanatoriums. No data are available to show the number of aged persons in receipt of either public or private relief. The recipients of this form of charity, however, generally constitute the large majority of dependents, and as shown by the different State Commissions, exceed the aggregate number of dependents of all other classes. Neither do the classes enumerated above include the great number who are in receipt of State and Federal pensions, as well as those receiving pensions from industrial establishments. It is, of course, impossible even to estimate the number of those receiving partial or entire support from individuals.

The Census figures seem to indicate also either a steady increase in aged dependency in the case of most pauper classes, or an increase in the longevity of most aged dependents. Thus, the blind 60 years of age and over increased from 36 per cent. of the total blind population in 1860, to 41.4 in 1910. The deaf and dumb of the same age group constituted 4.9 in 1860 and increased to 6.7 per cent. in 1910. In the case of almshouse paupers the percentage of the aged increased from 25.6 in 1880 to 42.7 in 1910.

Recently a number of special State Commissions on Old Age Pensions have added further light upon the extent of dependency in old age. The Wisconsin Industrial Commission in its report on old-age relief in 1915, states:

"The number of persons 60 years of age and upwards in Wisconsin may be estimated at 185,000. Of this number, probably two per cent. are recipients of public or private relief. Even including United States pensioners, the proportion scarcely exceeds 12 per cent. But that very much unrelieved distress exists no one can doubt who is familiar with the statistics of other countries. The inauguration of systematic old age relief invariably brings to light a vast mass of unsuspected poverty among the aged. Thousands of old people contrive to escape the clutches of the poor laws who nevertheless endure a pitiful struggle for existence. They

work beyond their strength, they deny themselves proper food and clothing, they are aided by friends and neighbours, or they are supported by their children, too often at the expense of growing families." ¹

The Ohio Commission on Health Insurance and Old Age Pensions states:

"The number of aged persons aided by private families or by relatives and friends is unknown and cannot be estimated. The Hamilton and Cincinnati surveys indicate that 15 to 25 per cent. of people over 50 were dependent upon relatives or friends. Nor can the number who are living an independent but precarious existence be accurately estimated." ²

The Pennsylvania Commission concludes that:

"Aside from the aged dependents found in almshouses, benevolent or fraternal homes, and those receiving public or private relief, there is a considerable proportion (43 per cent.) of the aged population, 50 years of age and over in the State, who, when reaching old age have no other means of support, except their own earnings." ³

As the studies made by the Pennsylvania Commission in regard to this phase of the problem of the aged, go into greater detail than those of the other State Commissions, its conclusions may perhaps be considered as fairly indicative of the extent of destitution in old age among the industrial population of this country. Based on the percentage found in Pennsylvania, it may be said that in 1910 there were approximately 1,700,000 persons in the United States who had passed beyond the half century mark and who had had no other means of support in their old age except what they could earn themselves. While it may be conceded that this proportion may

¹ Report on Old Age Relief, pp 11-12.

² Report of the Ohio Commission on Health Insurance and Old Age Pensions, 1919, p 260.

³ Report of the Pennsylvania Commission on Old Age Pensions, 1919, p 11.

be smaller in the less industrial States, the above estimate may nevertheless be fairly accurate for the entire United States, as the districts studied by the Pennsylvania Commission were largely inhabited by better paid American-born workers as contrasted with the more thickly populated foreign sections. Of course, it must not be presumed that all of these will apply for relief, either public or private, but it is obvious that the great majority of these will have to face a pitiful struggle for subsistence. Ultimately the majority of this number will become dependent, if not upon public charity, then upon children or relatives at the expense of self-respect, and in many cases also to the great detriment of the growing generation.

In the discussions that follow, the individual and social forces, as well as the moral factor that go to make for dependency and pauperism will be dwelt upon at length. At this juncture it is important first to examine and endeavour to understand sympathetically the immediate conditions confronting multitudes of superannuated workers which compel many to become paupers in their old age. Indeed, a comparison of the circumstances of the dependent aged, as disclosed by the different State Commissions' reports, with those of the so-called non-dependent, discussed in the preceding pages, sheds much light upon the frequently repeated question: "Why is it that some workers succeed in remaining away from the pauper homes, while others, apparently of the same class, become dependent upon public charity?"

AGE

The age relativity among the different classes is significant. In the total population of 1910 the group between 65 and over constituted 4.3 per cent. of the population, and contained 4.2 per cent. of the males and 4.4 of the females of all ages. This percentage held true for the native whites of native parentage. Among the native whites of foreign or mixed parentage the aged constituted only 1.4 per cent., while of the foreign-born

whites, the same age group contained 8.9 per cent., and among Negroes 3.0 per cent. The proportion of the aged varies also considerably in the different sections. According to the 1910 Census, the percentage of those 65 and over to the total population was highest in the New England States, with 5.9 per cent., and lowest in the West South Central States with 2.8 per cent. The Middle Atlantic States gave 4.4 per cent.; East North Central, 5.1 per cent.; West Central, 4.6; South Atlantic, 3.6; East South Central, 3.5; Mountain, 3.0, and Pacific, 4.5 per cent.

The dependent classes, as is to be expected, are largely made up of those of advanced ages. The relation of dependence to old age is so clearly indicated in the following reports that no additional comment is necessary. The Massachusetts Commission in 1910 found that:

"Less than one per cent. of those for whom the age at entrance was stated in the returns became inmates before the age of 40; only eight per cent. entered before the age of 60; thus 92 per cent. had passed the sixtieth year before they took up residence in the almshouse."¹

Commenting on this, the Commission adds:

"The strikingly high proportion of persons entering pauper institutions late in life points to the close connections between old age and institutional pauperism. It is clear that such pauperism is in most cases the result of the infirmity of advancing years, rather than of the misfortunes of earlier years."²

The Wisconsin Commission reports regarding the almshouse population of that State, as follows:

"A very large proportion are of advanced age—only 17 per cent. are under 65, 40 per cent. are 75 and over and nearly 25 per cent. are 80 or above. In the population of the state at large, one-third of all persons over 59 fall in the age group 60 to 65 and

¹ Report of Massachusetts Commission 1910, p 27.

² Ibid.

only one-fourth are above 74. This fact, taken in connection with the great proportion of the entire almshouse population who are 60 and over, indicates a close co-relation between destitution and old age." ¹

The Ohio Commission states:

"In regard to age distribution, the records of the Ohio Board of State Charities show that 4,772, or 60 per cent of the regular infirmary inmates were over 60 years of age, 2,926 or 37.1 per cent. between 16 and 60 and 219, or 2.78 per cent. under 16 years of age." ²

The Pennsylvania Commission concludes that:

"It appears that only about 13 per cent. were admitted under 50 years of age; 24.87 per cent. were admitted between the ages of 50 and 60; 31.9 per cent. between 60 and 70, while over 24.78 per cent. were admitted after they had reached their seventieth year. A comparison between our figures and those obtained by the Massachusetts Commission on Old Age Pensions in 1908 is of interest. In the New England State only eight per cent. of those investigated entered the almshouses before the age of 60, and 92 per cent. had passed their sixtieth year before they took up residence in the almshouse. The higher rate of those entering almshouses below the sixtieth year in Pennsylvania may be explained by the highly developed industries peculiar to this Commonwealth, which, requiring greater physical strain, wear out and incapacitate men at an earlier age. For those admitted during the year 1910 to the almshouses of the entire country, the percentages were 17.7 between 50 to 59; 18 from 60 to 69 and 15.3 per cent. over 70 years.

"It is obvious, that the great majority of the aged inmates enter the institution late in life. This would indicate a close relationship between institutional pauperism and old age. The combination of advanced years and infirmity, when coupled with the fact, that in most cases these people have no one to depend or fall back upon is—as will be seen later—the chief cause compelling an

¹ Wisconsin Report, p 23.

² Ohio Report, p 242.

aged person to go to the poorhouse. Most men will stay out of an almshouse as long as they can. When they are compelled to take up residence there, it is usually not due to personal or other misfortunes in earlier years, but in most cases, is the result of feebleness and lack of assistance from other sources."¹

PERCENTAGE OF PERSONS IN STATE PAUPER INSTITUTIONS
WHO ARE 65 YEARS OF AGE AND OVER.

<i>Massachusetts</i>	<i>92%</i>
<i>Wisconsin</i>	<i>87%</i>
<i>Pennsylvania</i>	<i>62%</i>
<i>Ohio</i>	<i>60%</i>

SEX

Of the 3,949,524 persons 65 years of age and over in 1910, 1,985,976, or 50.5 per cent., were males, and 1,963,548, or 49.5 per cent., were females. This group was, in addition, divided as follows in 1910: 1,693,010, or 42.8 per cent., urban, and 2,256,415, or 57.2 per cent. rural, while 1,183,349, or 29.9 per cent. were of foreign birth.

The 1910 Massachusetts Commission found the proportion of males and females in the almshouses of that State to be 61.4 per cent. and 38.6 per cent. respectively. In this respect, the Commission declares:

"The figures for the aged poor present a contrast to those for the general population of the State, which is divided between the sexes very evenly, with 48.7 per cent. males and 51.3 per cent. females. The lack of any uniformity in the division between the sexes in the case of the various classes is also striking. In the classes of almshouse inmates, recipients of State and military aid and non-dependent poor, the males preponderate; in the classes of inmates of benevolent homes and recipients of public and private outdoor relief, the males are greatly outnumbered. It appears that relief in charitable institutions and in the homes through

¹ Pennsylvania Commission's Report, pp 17-18.

public or private agencies is given more largely to women than to men." ¹

In Wisconsin, the proportion of women in almshouses, the Commission finds,

"Is very small—only 20 per cent. as against 47 per cent. of the State's population of 60 and over. This showing is the more remarkable because the Commission's sample census indicates (what is true in other countries) that the number of aged widows and single women exceeds the number of aged widowers and single men. The explanation is that an elderly woman is better able than an old man to maintain a home of her own or to fill a useful niche in the household of a relative."²

The Pennsylvania Commission found the almshouse population to be composed of 62.7 per cent. males and 37.3 females. It comments as follows:

"It is interesting to remark that the above percentages found by the Commission are in exact agreement with the percentages found by the Massachusetts Commission on Old Age Pensions in its study in 1908. The comparative difference between the sexes in the almshouses and that prevailing in the entire State population is significant. According to the Thirteenth United States Census, the percentage of males in the entire State population was 51.4 per cent. and that of females 48.6 per cent. The reasons for the disproportionate number of male paupers in institutions over female paupers may be explained in several ways. Children or relatives will make greater sacrifices in order to keep an old mother at home and prevent her going to a poorhouse, than they would for an aged father or other male relative. Aside from the sentimental reasons involved, the presence of an old woman around the home—unless she is absolutely invalided—entails little burden, as she can be made useful in numerous ways. This, however, is not the case with an aged man. Aged women are also more generously provided for by private charity than are aged men. The percentages of aged men and women who are inmates

¹ Massachusetts Report p 52.

² Wisconsin Report p 25.

of benevolent and private Homes for the Aged, are 23.54 and 76.46 per cent. respectively. The relationship here is thus radically reversed from that of the almshouse population."¹

FAMILY CONNECTIONS

PERCENTAGE OF MALES IN ENTIRE U. S. POPULATION, AND IN PAUPER INSTITUTIONS.

	<i>% of males in U.S. population = 50.5 %</i>
	<i>Wisconsin 80 %</i>
	<i>Pennsylvania 62.7 %</i>
	<i>Massachusetts 61.4 %</i>

The number of old persons applying for charity in no way indicates the degree of destitution in old age. Much of this suffering is kept concealed from the public eye by timid and sensitive children or relatives. This is borne out by the available data on the family connections of aged persons. Indeed, the investigations seem to disclose that pauperism among the aged is in inverse ratio to the number of family relations and is largely a result of the lack of family connections. The data below indicate that, in most instances, children or relatives will endeavour to support their aged dependents, regardless of the sacrifices thereby required of themselves or of their children.

The Thirteenth United States Census gives the marital relationship of the aged as follows:—males, 6.2 per cent. single, 65.6 per cent. married, 27.1 per cent. widowed, and 0.7 per cent. divorced; females, 6.3 per cent. single, 35 per cent. married, 58.1 per cent. widowed, and 0.4 per cent. divorced. The Massachusetts Commission found that 6.2 per cent. of the aged persons investigated were single; 53.8 married; and 39.7 widowed. In Wisconsin, in 1915, in a sample census of 1,395 persons, 60 years of age and over, there were 35, or 2.5 per cent. single; 885, or 63.4 per cent. married; and 456, or 32.5 per cent. widowed. Of these, 76, or 5 per cent., lived alone; 885,

¹ Report of Pennsylvania Commission p 20

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or 63.4 per cent. lived with a spouse; 168, or 11 per cent. had unmarried children; and 206, or 14 per cent., had married children. The Wisconsin Commission concludes:

"It will be seen that substantially one-half of the women enumerated are widowed, divorced, separated or single, whereas nearly 80 per cent. of the men are married. The explanation is partly that women on the average live longer than men and partly that husbands very generally are older than their wives. The result is that a vast number of aged women are left without homes of their own."¹

MARITAL RELATIONS OF PERSONS 65 YEARS OF AGE AND OVER IN THE ENTIRE POPULATION IN THE CENSUS OF PAUPERS AND IN PAUPER INSTITUTIONS.

SINGLE		MARRIED		WIDOWED	
U.S. 65 or over	6.2%	U.S. 65 or over	65.6%	U.S. 65 or over	52.4%
U.S. paupers	50.2%	U.S. paupers	18.7%	U.S. paupers	32.5%
Ohio paupers	42.5%	Ohio paupers	37.8%	Mass. paupers	54.5%
Pa. paupers	40.0%	Mass. 24.7%		Pa. paupers	39.1%
Mass. 17%		Pa. 16%		Ohio	10.9%

The preponderately greater number of elderly widows is also shown in a study of 100 aged persons in Greenwich Village, made by Miss Nassau in 1915.² Of 65 women investigated, Miss Nassau found 54 widowed, nine single, and two separated, while of the 35 men interviewed, 21 were still married, three were single, and two separated or divorced.

The Ohio Commission, in discussing this subject, states:

"In old age, marital condition, especially as regards women, is very important. The woman who becomes a widow after 50 is ill prepared to make her own living. She must, therefore, depend on her children or on the property left her by her husband. If her husband was a wage-earner, the most she can expect to inherit is a little home. One hundred and sixty-six or 50.8 per cent. of the 329 widows in the Hamilton survey owned their own homes. While the children remain unmarried, they contribute to the main-

¹ Wisconsin Report p 27.

² M. L. Nassau, Old Age Poverty in Greenwich Village, 1915.

tenance of their mother, but after marriage she can no longer depend upon them with any feeling of security. The single woman who has had to make her own living is also insecure in her old age. After 50 she finds it difficult to obtain steady employment and her wages, as a rule, have not been such as to permit much saving for old age. Only 37 of the 114 single women over 50 had any savings."¹

"When aged persons who have been unable to save lose their economic usefulness, they must depend on their children or relatives or on public charity. Three hundred and fifty-four, old, or invalided persons in Hamilton were dependent on children or relatives. One hundred and fifty of these were dependent on married children, all with families of their own; 144, on unmarried children, and the remaining 60, on relatives. Forty-eight of the 416 aged persons studied in Cincinnati were dependent on their children and 18 on other persons."²

The Pennsylvania Commission found the marital conditions of 3,477 non-dependent persons 50 years of age and over, as follows: 5.4 per cent. single; 55.5 married; and 38.3 widowed. It also found 37.8 per cent. who have no one depending upon them; 31.5 having their wives to support, while the rest had one or more children in addition to support. It concludes that:

"It is evident that the possession of children in old age is a great protection against dependency. Thirty-one per cent. had one or two children living; forty-five per cent. had from three to six children living; while 12.7 per cent. had more than six children living. Of those children, only 3.3 per cent. were still under 16 years of age; 16 per cent. of the adult children were married, while 80.7 per cent. were still single."³

The marital condition of paupers is given by the 1910 Census as follows: 50.2 per cent. single; 32.5 per cent. widowed, and 13.7 per cent. married. The 1915 Massachusetts Decennial Census found the percentages of the marital dependents to be:

¹ Ohio Report p 218.

² Ibid p 226.

³ Pennsylvania Report p 95.

single 19.0; married 24.7; widowed 54.4. In Ohio, 47.5 were single; 37.8 married, and 10.9 widowed. In Pennsylvania 40 per cent. were single; 16.9 married; and 39.14 widowed. The report of the last-named Commission goes on to point out that the single and widowed in the almshouses of the State constitute nearly eighty per cent. of the total number of inmates. However, the marital conditions of people over forty-five years of age in the entire State, as given in the United States Census for 1910, was: for males, single, 9.1 per cent.; married, 77.7 per cent., and widowed, 12.6 per cent.; and for women the percentage for those over 45 years of age was, single, 10 per cent.; married, 60.3 per cent., and widowed, 29.2 per cent.

The Commission adds:

"Some light may be shed on the problem of aged pauperism by comparing the preceding figures with those obtained from the house-to-house studies conducted by the Commission. In the latter group the respective percentages are: Single 5.4 per cent.; married 55.5 per cent., and widowed, 38.8 per cent. These figures would seem to indicate that the prime reason why the aged poor cannot remain in their own homes, or in those of their parents or close relatives is because, as a rule, most of these institutional paupers have no one to fall back upon in their declining days. Having no children of their own, their parents dead, and in many cases, with few relatives, to be relied upon, these paupers seek the institution as the last resort for shelter and nourishment. The wide difference between the populations of single people in the almshouses and those living at home, doubtless, explains why the former are inmates of pauper institutions and the latter are classed as non-dependent'." ¹

In Massachusetts in 1910, the proportion of inmates of almshouses and of benevolent homes who had adult children living at the time of entrance, was found to be nearly the same, being 43.7 per cent. for the former and 39.4 per cent. for the latter. On the other hand, the percentage of non-institutional

¹ Pennsylvania Report p 20.

poor, both public and private, who had adult children living at that time, was higher, standing at approximately 60.

The Commission further states in its report:

"The number of almshouse and benevolent home inmates having adult children or near relatives who are able to aid them at present is, as one would infer, very small, namely, 7.7 per cent. for the almshouse class and 13.2 per cent. for the benevolent homes. Here the percentages are much higher for the non-institutional poor, being 46.4 for the recipients of public relief, and 57.5 for recipients of private relief."¹

In 1918 in Ohio, Dr. John O'Grady states in the report of the Ohio Commission:

"A study of the domestic relations of 2,260 infirmary patients showed that 1,023 or 45.6 per cent. were never married. Those, as a rule had no one on whom they could depend. Their parents were dead, and brothers and sisters, even when in good circumstances, cannot be relied upon to maintain a disabled brother or sister. Of the 822 inmates who had been married, 605, or more than half, had one or more children living; of these 232 had children able to support them. The children of the remaining 373 were generally ordinary unskilled working-men with large families of their own. These could scarcely maintain their parents without depriving themselves or their children of some of the necessities of life.

"About seven per cent. of the inmates studied were in the infirmaries because their children, although in fairly good circumstances, were unwilling to maintain them. In comparison with the total infirmary population, this number may seem very small, but of 232 inmates with children able to support them only 88, or 37.9 per cent. had children able and willing to support them."²

Also, in Pennsylvania, the Commission found further substantiation of the isolation of the majority of the inmates who

¹ Massachusetts Report p 53.

² Ohio Report pp 242-43.

must avail themselves of the comforts of the almshouse.

"Sixty-three and fifty-one hundredths per cent. of those investigated have no children living; 18.5 per cent. have but one child living, while only 28 per cent. have two or more children living. A comparison at this point with the same aged group studied in the house-to-house canvasses is significant. In the latter group, only 10.68 per cent. had no children living; 15.8 per cent. had only one child, while nearly 70 per cent. had two or more children alive.

"The data obtained with regard to the ages of the children living shows that more than 18 per cent. of them are adult, indicating that this aged group has few dependents. On the other hand, 89.98 per cent. of these children are reported as unable to support their parents. The majority of these children are burdened with large families of their own. Most of them also belong to the ranks of the unskilled workers and earn wages which are hardly sufficient to maintain their own families in comfort. Only a very small percentage, namely 4.15, have children believed to be fully able to support their parents, while an additional 6.86 per cent. are able to help support the parents if ready to make the required sacrifices.

"Nearly 95 per cent. of the aged inmates investigated, have no other relatives able to help support them."¹

PHYSICAL CONDITION

The degree of physical welfare and the capacity of maintaining one's grip upon life in old age, under our present industrial conditions, may be gleaned from the following: Of the non-dependent persons, just above the poverty line, 65 years of age and over, investigated by the Massachusetts Commission in 1910, 40.3 per cent. were found physically defective. In Wisconsin in 1915, out of a total of 1,395 persons 60 years of age and over, 489, or 35 per cent., were "able to follow gainful occupation"; 493 others could do light work; 245 were "able to take care of their own person;" and 42 required attend-

¹ Pennsylvania Report pp 22-23.

ance. In Pennsylvania, in 1918, 86 per cent. of the aged 50 and over in the cities investigated were found to be physically defective. Sixty-four per cent. of these were found to be still in fair or sound health.

Quite a different tale is told by the investigations of the dependent groups. Of the 57,049 paupers without age classification, enumerated on January 1, 1900, in the United States, 15.4 per cent. were able-bodied, 40.5 were able to do light work, and 44.1 per cent. were incapacitated. The Massachusetts Commission found among almshouse inmates 93.8 per cent. defective; the next highest percentage of defectives was 86.0 for recipients of State and military aid, and 82.7 for those who received public outdoor relief. On the other hand, the defectives among the non-dependent poor, as found by the same Commission, was only 40.3 per cent.

The proportion suffering from chronic ailments among the aged inmates studied in Wisconsin was also found to be very high. Only one-third were found to be reasonably sound in mind and body, and only 14 per cent. were able to work regularly, while 12 per cent. required attendance.

A study made by the Ohio Commission from the reports to the State Board of Charities, reveals, the Commission states:

"Nearly half, or 47.6 per cent. of the regular inmates of county and city infirmaries are old and infirm and 24.5 per cent. are sick and diseased or persons who have become disabled through loss of members. More than 75 per cent. of the inmates of county infirmaries in Ohio are, therefore, old and infirm, or persons disabled by sickness, disease or accident. The remaining 27.7 per cent. is made up of miscellaneous groups of persons with various defects."¹

A study of 2,260 persons representing the total population of 22 typical infirmaries in Ohio made by Dr. John O'Grady showed results somewhat different from the foregoing. Of the

¹ Ohio Report p 239.

2,260 cases, 830 or 36.46 per cent. were old and infirm; 805 or 13.4 per cent were defective mentally; and 1,106 or 49.77 per cent. suffered from disease or physical defects.

The Pennsylvania Commission reports in regard to the almshouse inmates:

"Of the 3,405 cases investigated, only 12.80 per cent. are reported as being in good or fair health. Of those reported in bad or poor physical condition 28.92 per cent. were in a general state of poor health; 13.21 were crippled, maimed or deformed; 9.04 per cent. were feeble-minded; 9.3 per cent. were defective in sight or hearing; 7.25 per cent. were rheumatic; quite a number were epileptics and a number were suffering from various diseases. Of the total number investigated only five per cent. were reported as able bodied; 40 per cent. were partially disabled, while 55 per cent. were totally incapacitated. For the same group in the house-to-house studies, 64.3 per cent. are reported in good or fair health, and only 35 per cent. are in poor health. In the total pauper population of the United States in 1910, the percentage of able-bodied was 20.64 per cent."¹

The Commission concludes:

"Regarding the aged paupers and the non-dependent aged classes, the outstanding differences lie, it would appear, in the respective family connections and physical conditions."²

CLASSES FROM WHICH RECRUITED

Of the 57,888 male paupers admitted to the different county almshouses in the United States in 1910, 37.5 per cent. gave their occupations as common and agricultural labourers. The other occupations gave very small percentages each. The Massachusetts investigation in the same year disclosed that 33.7 per cent. of the almshouse paupers were previously engaged in manufacturing and mechanical pursuits, followed by 22.6 per cent. engaged in housekeeping and domestic service,

¹ Pennsylvania Report p 27.

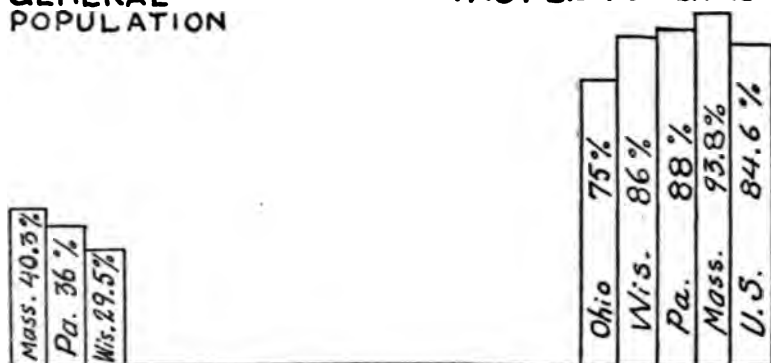
² *Ibid* p 12.

FACING OLD AGE

PERCENTAGE OF INCAPACITATED AGED PERSONS IN
GENERAL AND PAUPER POPULATIONS.

PERCENTAGE OF
DISABLED IN
GENERAL
POPULATION

PERCENTAGE OF
DISABLED IN
PAUPER POPULATION



and 14.5 per cent. who were recorded as common labourers. In Pennsylvania, of 1,939 paupers stating their last occupation, 47.6 per cent. were classified as common and unskilled workers; 29 per cent. as engaged previously in housekeeping and domestic service, and less than 18 per cent were engaged in occupations of skilled or semi-skilled character.

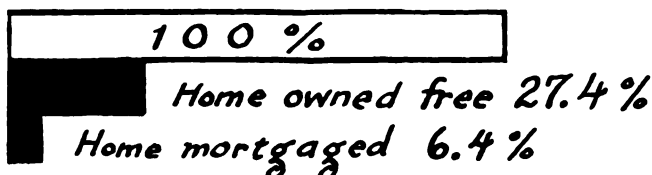
HOME OWNERSHIP, PROPERTY, AND INCOMES

Complete and exact information regarding the economic conditions of the aged in the United States and the extent of incomes outside of their earnings is not available. However, even an examination of the meagre data available, discloses a distinct insufficiency of incomes, outside immediate earnings, in old age for the majority of wage-earners. According to the Twelfth U. S. Census, only 847,069, or 27.4 per cent., of the 3,083,995 persons 65 years and over in the United States owned their homes free, while 196,407, or 6.4 per cent., owned them mortgaged. The 1910 Census does not give the home ownership by ages. The latter enumeration does classify the

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owners of farm homes, however, by age groups. Thus, in 1900 the percentage of those 65 and over in the United States who owned their own farm homes, to the total population of that age, was about 16.3. But only about 15.1 per cent. of the same age group owned their farm homes in 1910, and these included both free and encumbered. At the same time, the percentage of the rural population of the same advanced age constituted 57.2 per cent. in 1910.

HOME OWNERSHIP OF PERSONS 65 YEARS AND OVER—1900



The precarious economic status of the aged wage-earners and the extent of their ability to support themselves in old age becomes further manifested from the following disclosures:

The Massachusetts Commission's investigations revealed the economic conditions of the non-dependent aged poor in 1910 as follows:

WEEKLY INCOMES AND EXPENSES OF NON-DEPENDENT AGED POOR

	Av. Income from All Sources	Av. Expendi- ture for All Purposes	PERCENTAGE OF THOSE RECEIVING INCOME FROM SPECIAL SOURCES		
			From Savings	From Relatives	From Pensions
Individual males.....	\$7.32	\$6.26	36.1	36.1	15.5
Individual females.....	4.50	4.28	44.0	57.0	9.4
Couples	11.70	9.32	55.3	29.0	19.5
Families	12.24	12.00	58.7	12.4	32.3

Commenting on these figures, Mr. Squier points out:

"From the above table, it will be seen that the many thousands of comparatively well-to-do aged people may, by the slightest slip of luck or fortune, become absolutely dependent on charity. With the average weekly income of \$7.32 for males and \$4.50 for

females, an average expenditure respectively of \$6.26 and \$4.28 and with such a large proportion of the incomes from sources other than that of weekly wages, one can readily appreciate that it is but a step from poverty to pauperism after the sixty-fifth birthday is passed.”¹

In Wisconsin the economic possessions of the aged, as found by the Industrial Commission of that State, were found to be as follows:

“Of the married couples 65 per cent. and of others 56 per cent. owned homes mortgage free; of all home owners 65 per cent. have property (including homestead) of more than \$2,000; of non-home owners 12 per cent. have property to the value of more than \$500; of married couples 60 per cent. have incomes from labour or property over \$300, and of others 40 per cent. have incomes over \$200 per annum.”²

Even more complete data is given by the Ohio Commission:

“Of the 1,432 persons studied in Hamilton, 525 or 36.6 per cent. owned their homes free from encumbrance and 188 or 9.6 per cent. owned them mortgaged. Of the 416 persons studied in Cincinnati, 98, or 23.6 per cent., owned their homes.”³

“Of the 668 homes owned by the persons studied in Hamilton, 435 were owned by wage-earners or widows of former wage-earners and 228 by business or professional men or their widows. One hundred and ninety-six of the wage-earners owning their homes were relatively skilled or semi-skilled wage-earners and 31.6 per cent. of the total unskilled wage-earners owned their homes.”⁴

The commission further reveals that:

“Home owning was noticeably more common among immigrants than among the native-born. Approximately two-thirds of the Germans owned their own homes and among other foreign-born the proportion was almost as high. Among the natives of Ohio every other person visited was a home owner, but among the

¹ Old Age Dependency in the United States pp 12-13.

² Wisconsin Report p 27.

³ Ohio Report p 225.

⁴ Ibid p 286.

natives of other states home owning was rare. The small number of persons from other states owning their home is due to the predominance of certain groups, already referred to, from the backward districts of the south, whose members have not yet acquired the art of saving."¹

The Ohio Commission's investigations disclosed that one home in every four of those studied at random was heavily encumbered; 65.2 per cent. of the latter were mortgaged for one-third of their value, and 20 per cent. for at least two-thirds of their value. Of the 663 home owners in Hamilton, 198 had in addition property or some other means of income; out of the 769 non-home owners in the same city, 119 had property or other means. Nearly 42 per cent. of the former and 67.2 per cent. of the latter class had property or other source of income valued at less than \$500.

The Pennsylvania Commission in its studies of the aged in the cities of Philadelphia, Pittsburgh, and Reading, found 38 per cent. having property possessions of one kind or another. It also found 43.6 per cent. of the population 50 years of age and over, who claimed to have had no other source of income outside that of their own earnings. Of those that did have outside means, 35 per cent. had incomes amounting to less than \$10 per week. The incomes in 24.2 per cent. of these cases had come from their own children, over seventy per cent. of whom were wage-earners themselves. Of the people investigated the Commission states: "The earnings of these aged workers in the high wage period of 1918 were as follows: 14 per cent. earned less than \$12 per week; 29 per cent. more, from \$12 to \$20; and 37 per cent. did not earn anything."

The property possessions and earnings of the definitely dependent classes are even less. The Massachusetts Commission found the percentage of those having property above debt at any time to be 37.8 for all classes of dependents.² The

¹ Ibid p 226.

² Massachusetts Report p 57.

Wisconsin Report gives the home ownership of aged persons who received outdoor relief during the fiscal year 1918-1914 as follows: Of 107 married couples only five had a home clear; one had it mortgaged and 101 had neither; of 460 individuals of both sexes 47 had their homes clear; 26 had them mortgaged, while 387 had none at all. Only two of the married couples and 10 of the 460 other individuals had property exclusive of homestead valued at \$500 to \$4,000.

The Ohio Commission in discussing the same subject concludes:

"Among the inmates of county infirmaries are to be found some who were once prosperous; of the 1,608 persons studied 118 had had property valued at more than \$2,000, while 89 had had property valued at more than \$10,000."¹

The Pennsylvania Commission found similar conditions:

"Of more than 2,000 inmates questioned, as to their property holdings, 191 or 9.5 per cent. claimed to have had property above debts. More than 90 per cent. never possessed any property of their own. At the time of investigation less than one per cent. were receiving incomes from property holdings or savings."²

The significance of these disclosures in terms of old-age destitution, stand out so clearly that they need hardly be commented upon further. The preceding data leave no doubt as to the consequences of our present policy of aloofness. In the face of actual destitution in old age, which now confronts almost half of our industrial population, it seems hardly consistent to continue to advocate and pride ourselves upon the blessings of laissez-faire and individual thrift. The foregoing would seem to indicate emphatically that the problems facing the old are as real and difficult of solution by individual effort in the United States as they have been found to be in other countries. It is obvious that old-age dependency, whether

¹ Ohio Report p 3.

² Pennsylvania Report p 81.

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of one form or another, is with us, and that the introduction of a constructive social policy cannot be delayed much longer. The investigations of the aged seem to show clearly that for the wage-earner who has passed beyond the half-century mark the all-important decision whether he is to escape the poorhouse in old age and a pauper's grave at the end, does not altogether depend upon his own desires and ambitions. This decision will be made largely by the social forces which lie outside his own control, namely, the extent and economic standing of his family and his own physical vigour.

CHAPTER IV

THE COST OF FOLLOWING THE OSTRICH POLICY

No social order can for long remain indifferent toward the problems and difficulties confronting some of its members, without directly or indirectly paying the price for its unconcern. The cost of this apathy is difficult of estimation, as it is frequently indirect and indistinct. A brief examination of the facts, however, shows that the price paid by society for its indifference is prodigious. For what is to many more distressing and nerve-racking than actual suffering is the fear and dread of such misery and privation. As Thomas Carlyle expressed it: "It is not to die or even to die of hunger, that makes a man wretched; many men have died; all men must die. But it is to live miserably, we know not why; to work sore, yet gain nothing; to be heart-worn, weary, yet isolated, unrelated, girt in with a cold, universal *laissez-faire*." It is a patent fact that public pauperism in old age is the dread and agony of thousands of workingmen and women. Many lives are embittered by the fear of dependency in old age. Who can measure the extent of depression of spirits, and the amount of physical drain accompanying such depression and its loss to society in terms of efficiency and progress? A brief examination of the obvious costs is of supreme value.

(a) THE COST TO THE TAX-PAYER

The total cost of the dependent aged in the United States is, of course, impossible to obtain. Not only are the records of charitable institutions incomplete, but it is common knowledge

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also that millions of dollars are being given in one form of relief or another by individuals, as well as by private organizations, the extent of whose benefactions can never be ascertained. Basing his estimate upon the average cost per dependent person given by the Massachusetts Commission in 1910, Mr. L. W. Squier calculated the total annual cost of the dependent population 65 years of age and over, exclusive of those in correctional institutions and insane asylums, to have been \$178,-899,968.41 in 1910. "In round numbers," Mr. Squier estimated, "it is costing this country \$220,000,000 a year for the support of this great host of worn-out toilers."

The Massachusetts 1915 Decennial Census summarized the per capita expenditures on the dependent aged 65 and over in that State as follows:

"Exclusive of United States pensioners, the aggregate number of dependent persons in Massachusetts 65 years of age and over who received aid from all sources (both public and private) during the fiscal year ending March 31, 1915, was 34,496 and the aggregate amount of aid received by this number was \$3,283,-948.74. Corresponding data for public relief were 26,403 persons aided to the amount of \$2,250,685.91 and for private relief 9,862 persons aided to the amount of \$983,262.83. The per capita expenditure on account of persons receiving aid from all sources (both public and private) was \$93.75; for persons receiving aid from public sources, \$85.24; and for persons receiving aid from private sources \$99.70. For males the per capita expenditure (public and private) was \$98.64 and for females \$90.26."¹

In Wisconsin in 1914 the average cost per person of almshouse maintenance, including interest on invested capital, was \$3.58 per week or \$186 per year. The amount of outdoor relief averaged \$50 per person per year. The Ohio Commission found that:

"Independent of the value of the farm products consumed in

¹ Report of Special Inquiry, Aged & Dependent persons in Massachusetts 1915, pp 15-16.

these institutions, the cost of maintaining the city and county infirmaries in Ohio in 1915, was \$1,455,944 and the average per capita cost was \$169.88. Of the 80 infirmaries reporting, 13 had a per capita cost of less than \$100; 27 between \$100 and \$149; 20 between \$150 and \$200; 15 between \$200 and \$250; four between \$250 and \$300; and one over \$300.¹

"The total expenditure for poor relief by cities, counties and townships was \$1,966,352 in 1916. Other state institutions cared for 37,139 different persons in the year ending June 30, 1917. Nearly half of these persons were over 60 years of age. During the same year expenditure on these institutions was \$5,247,327.

"In addition 46 private, church and society homes were caring for 2,628 aged persons in June, 1917.

"The state has an investment of over \$25,000,000 in its state institutions. The cities and counties have an investment of \$10,000,000 in the county and city infirmaries alone. Altogether, this public investment calls for an interest charge of nearly two millions annually, to say nothing of depreciation.

"Roughly speaking, then, nearly \$10,000,000 is expended annually by local and state public charities and a large part of this, probably about half, is for the care of the aged. The amount expended by private organized charities for the care of the aged and for all relief and social work amounts to several million dollars annually."²

Exceedingly interesting related data is presented by the Pennsylvania Commission. It finds that in 1917:

"The average cost per week for all almshouses, was \$5.87 or \$25.14 per month. In 1916, according to the report of the State Board of Public Charities, the average per capita cost, when computed in a similar way, was \$5.09 per week or \$21.81 per month. It must be noted that the expenditures made during the year on buildings and improvements, and the interest on permanent investments, are not included, in most cases. It is impossible to ascertain the value of the different institutions at the present time. It is a well known fact, however, that many of the larger institutions

¹ Ohio Report p 244.

² Ibid p 260.

are worth millions of dollars. It is not unusual to find many county almshouses occupying farms of several hundred acres and building properties worth several hundred thousand dollars. In the few institutions where big expenditures were made on buildings and improvements during the year 1917, five per cent. added for interest and depreciation increases considerably the per capita cost." ¹

It also found that:

"One county home with eleven inmates spends \$6,655.60 or \$605.05 per year per inmate; while another County Home with three inmates spends a grand total of \$2,570.55 or \$856.85 per inmate per year. One almshouse is maintained solely for one inmate and while the direct cost of him to the county was \$110.26 there was spent \$240.25 or \$2.17 per dollar, to deliver this money to the inmate.

"In 1916, \$4,449,108.20 was spent for maintaining 16,754 inmates. This total increased to \$5,114,307.15 which was spent in 1917 on 16,716 inmates.

"The average yearly per capita cost for 1917 was \$301.68." ²

In the Benevolent Homes for the aged the Pennsylvania Commission found that in 1917 a total of \$485,441.78 was being spent on 1,545 inmates, or a per capita cost of \$6.03 per week or \$25.83 per month. It also found "one institution in which the weekly per capita cost amounted to \$19.88, while in another it amounted to \$33.81." The above averages the Commission states do not include the interest on permanent investment or depreciation. When these were added the Commission found the average cost per inmate in these Benevolent Homes to be \$33.99 per month in 1917. There are practically no figures available showing the money spent on the aged poor by private charity organizations. However, a study of the Philadelphia Society for Organizing Charity made by the same Commission, disclosed that during the most prosperous 12

¹ Pennsylvania Report, p. 37.

² Ibid pp 58-59.

months—between October 1917 and October 1918—the Philadelphia Society alone spent \$83,291.57 on 162 aged people, or an average of over \$200 per beneficiary. The extent of contributions, given in a confidential manner, by private persons as well as by churches and fraternal societies throughout the country is, of course, impossible to ascertain.

It is obvious that the millions of dollars spent annually on the care of the aged, whether through public or private agencies, ultimately come out of the pockets of the tax-payers. And the Pennsylvania Commission's indictment of the administration of these funds is applicable to many States. The latter Commission states that its investigations:

"Disclose an exceedingly confusing and bewildering system of management of our county poorhouses. Not only do many of the officials connected with these institutions have little knowledge of the problems involved in the care of the aged, but there is obviously a laxity in the management of these institutions and the distribution of the county funds. The state supervision of these aged homes is insufficient, loose and hardly competent. Careful records are kept in only a few institutions. There are no uniform methods of accounting. Computations of costs are made in almost as many forms and methods as the men making them. Many of the per capita costs of almshouses given in the reports of the Board of Public Charities do not represent the actual cost. The latter do not include the interest upon the permanent investment and, in many cases, do not include the value of farm products."¹

In his private business the citizen is continually making further inquiries in regard to newer and more efficient methods of management by means of which he may reduce his cost, and increase his returns. To suggest, however, that the same principle should be applied to national or State business is, unfortunately, still considered by many to be the rankest of radicalism. Yet what could be greater folly than to continue

¹ Pennsylvania Report pp 12-13.

to spend these many millions of dollars without either an accurate account of the expenditures or of the returns secured?

(b) THE COST TO THE INSTITUTIONAL INMATES OR RECIPIENTS OF CHARITY

Of greater social importance than the mere expenditures of the enormous sums of money cited in the preceding pages is the degree of effectiveness and the adequacy of these methods of aged relief in meeting the purposes desired. These methods must be judged in terms of the quality of the services rendered to those who are forced to seek assistance in return for the funds expended. Even the present chaotic means of caring for the aged, if they are at all to be effective, must not only seek to relieve the immediate needs of the aged but must aim also to prevent dependency and thus ultimately reduce the cost of pauperism. Measured by these standards it may safely be stated that the existing means of aged relief are ineffective, inadequate and undesirable. The present methods of relief are looked upon as degrading and are of a repugnant nature, invariably resulting in the loss of self respect in the individual recipient and increased pauperism in the group. The stigma of public charity is inseparable from the almshouse and public outdoor relief as commonly administered, because of long custom and deeply ingrained public opinion.

Francis Herbert Stead, who was connected with the English workhouses for years, says in his book, "How Old Age Pensions Began to Be":

"I saw men who trembled for very age hawking trifles in the streets, and tottering on through mud and sleet and icy wind. I saw men slowly wither up, body and soul, under the blighting sense that they were wanted nowhere, and a burden everywhere.

When he is forsaken,
Withered and shaken,
What can an old man do but die?

"Only those who have seen it can conceive the misery of the poor old fellow who finds that society has no longer any use for him, who feels he is done with and done for. Many old men come to me, with tears running down their cheek, imploring me as if I were Almighty God to have pity on them and get them work.—'Anything, oh, anything, no matter what it is, to keep me from the workhouse.'"

Another Englishman—John Metcalfe—declared:

"One of the sights which make life unbearable to me is that of old men and women, who in a worse plight than the sturdy beggar (who has the spirit to beg) are trying to get a scanty living by doing any kind of little odd jobs. They know that life must soon end for them, and they have one ambition left, the ambition not to die in the workhouse."

These conditions do not exist in England alone. In this country too it has often been asserted by competent authorities that insanity and suicide of middle-aged persons is due in a large measure to the dread of old age. Even in the United States there are, apparently, workers who would rather enter the valley of the shadow of death than the loathed confines of a poorhouse. In a brief period of two months the writer's morning newspaper reported the following two stories, which need no further comment:

"AGED MAN DIES AS HE FACES ALMSHOUSE

"Camden, N. J., Feb. 28—Heartbroken because he had to go to the almshouse, Jacob . . . 78 years old, of this place, was taken ill and died yesterday afternoon.

"Jacob, and his brother, George, 76 years old, lived and worked together all their lives. They have spent their last declining years alone together, with no relatives, at their home here. As age crept upon them they found themselves unable to obtain work, but they eked out their slender savings until the final penny was gone. Arrangements were made to have them sent to the almshouse at Blackwood, and the news was too much for the elder of the brothers and he became ill. His brother went to the almshouse alone."

"FEARING OLD AGE HE JUMPS FROM HIGH BRIDGE

"Cleveland, May 7.—Fear of losing his position because of his age is said by friends to have been the reason for a suicide leap today by Joseph H. . . . , 60 who hurled himself to death from the high level bridge to the street pavement 125 feet below."

The almshouse, like most charitable institutions, leaves much to be desired as a home for the aged. Even if the majority of almshouses and charitable homes in the United States afforded a fair degree of physical comfort, sanitation, good food and humane treatment, it would still seem hardly fair to herd together indiscriminately the worn-out honest workers, the insane, the feeble-minded, the confirmed inebriates and the petty criminals, as is done in most public poorhouses at present. The actual conditions of the great majority of county and semi-private institutions are far from ideal. The recent investigations of the several State Commissions, as well as personal observations, reveal that life in public almshouses is far from inviting, not merely on account of the opprobrium of public opinion, but because in addition life in these institutions is exceedingly dull, depressing and restricted.

In practically all States the superintendents of the county almshouses are as a rule political appointees. "The great majority of these," says the Pennsylvania Commission, "have had no experience of this nature, previous to their appointments. Many of the men connected with the management of the almshouses are prejudiced and often without the rudiments of an education. Where the superintendents are highly educated men and trained—of these there are only a few—they are as a rule powerless, and have no authority to make improvements without the consent of the Poor Board or the County Commissioners."

Similar conclusions are reached by the Ohio Commission. Regarding the actual conditions of the County Almshouse the Ohio Commission says:

"The care of the various inmates in the county and city infirm-

aries in Ohio is a rather difficult problem, but it is one which is not taken very seriously, as is evident from the conditions prevailing in the 45 infirmaries visited in the course of this study. Thirteen were in very bad condition, 19 others would not come up to any reasonable standard, and the remaining 13 were in fairly good condition.

"In three infirmaries among those in bad condition, new buildings are absolutely essential for any improvement in the situation, the old buildings being entirely uninhabitable. Persons employed to keep the premises clean seemed more lavish in the use of disinfectant than of soap and water. The inside of the buildings was unclean and slovenly; the walls had not been painted in a generation and no attempt had been made to repair cracks or other defacements.

"Many old persons suffer from foul smelling disorders and when a number of them congregate in small groups, the resulting bad odor is very noticeable to a person unaccustomed to it. Lack of attention regarding personal cleanliness, poor ventilation and over-heating tend to accentuate the odor. In many of the buildings inspected, sections occupied by the inmates were so foul smelling that they were almost unbearable. The inmates frequently were unclean, the beds dirty, the bed covers old and worn and ventilation poor. Those who were unable to care for their physical needs and demanded constant attention, had to depend on other inmates for the most urgent wants. Often these improvised attendants were feeble-minded or at least ignorant and inattentive. In the entire group there was virtually no medical supervision."¹

Somewhat better conditions are described by the investigators of the Pennsylvania Commission as having been found in the larger institutions in the State; but even in these institutions the Commission declares:

"There was no genuine homelike spirit. Most of the inmates looked sullen and wore depressed and downcast mien. Practically all were eager to get out of the place. Even in the best equipped institutions there were no recreational facilities provided for these

¹ Ohio Report pp 244-45.

inmates. Except for a pack of cards, a game of checkers and a few old magazines, there was nothing these aged could do to keep their minds occupied and to prevent their nursing of grievances and discontent. This feeling of depression is augmented by the fact that in most Homes no attempt is made to segregate the old people,—who have been compelled to go to the almshouse through no fault of their own,—from the feeble-minded, and in some cases even the partially insane. In many places they are compelled to eat at the same tables and sleep in the same dormitories with the latter groups. The inmates in most almshouses are a very heterogeneous collection. They comprise insane, feeble-minded persons and epileptics, blind and deaf mutes; sufferers from chronic diseases, persons with criminal records; prostitutes; mothers of illegitimate children, orphans and deserted children.”¹

Miss Nassau, after visiting the Homes for the Aged on Blackwell’s Island declared:

“Perhaps the most striking thing of all is the horror of the huge dormitories with the beds nearer together than in the usual hospital wards. That people can sleep in such huge dormitories so close together seems incomprehensible—for although the very poor have never been used to the luxury of real privacy there is a difference between sharing a room with two to four relatives—and a room with a hundred or so strangers. . . . In spite of long years of tenement visiting I could stand no longer the sight of such depressed, hopeless, sad, vacant, wretched faces. All seemed to live such a hopelessly monotonous life with no individuality or scope for personal effort. . . . Of course people do get desperate and commit suicide or try to do so. One of the nurses at Blackwell’s Island said, ‘I don’t think I can stand it here much longer, it is awful. I don’t wonder some of the old people wander down to the river and get in boats and—well, sometimes nothing more is heard of them!’”

While commenting favourably upon the regulations for cleanliness and general hygiene, Miss Nassau states:

¹ Pennsylvania Report p 43.

"My last comment is on the lack of provision at both places for the keeping of personal effects, which is a most serious defect.

"At Staten Island, in the dormitories the women had chairs by their bedsides, so they practically owned a chair as well as a bed, and the clothes on their backs. Think of the tragedy of owning nothing more, when every human being has inherently a love of acquisition of property, as is proved also in asylums for children, where it is found that children pine away if acquisition of personal belongings is denied them! I asked one of the heads at Staten Island if the inmates could not have a locked tin box for personal belongings, but he insisted that that would be a menace to the general hygiene. I said, 'But the boxes could be inspected regularly.' To which he objected irritably, 'There is no one here to do such work. I am short of help as it is; besides the people here are riff-raff, anyway.' This statement I could not agree with at all, for many of the inmates seemed very decent, respectable people, and in the cottages where they were given liberty (entrance to the cottages is rather by 'pull,' and perhaps to some especially deserving ones) they looked very neat and nice."¹

In practically all States outdoor relief is given by the different Poor Boards to persons either whose physical condition does not permit their removal to the County Homes, or to women with dependent children, temporarily in need, who are physically able to care for themselves. Outdoor relief may be given also to those who have some one to care for them in their own homes, or it is given to those who while physically able are in temporary need of relief. This form of relief is usually dispensed through the County Poor Directors themselves or through a clerk appointed by them. Cash is given only in rare cases. Generally an order for groceries or merchandise is given to merchants extending credit to the Poor Directors. Of the constituency of these Boards, the Pennsylvania Commission states:

"It is seldom that the county poor directors, county commissioners

¹ Old Age Poverty in Greenwich Village pp 83-84-85.

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or other poor authorities have any definite knowledge or understanding of the problems of poor relief. These bodies are generally elected or appointed because of their political leadership in their respective communities. The policies of rendering relief to the poor are very often shaped in accordance with the political fluctuations and whims of the particular localities. Few make provisions for careful investigation as to the extent and need of assistance or for supervision of those who receive relief. The clerk of one County Poor Board, who dispensed more than \$10,000 worth of goods in one year, frankly admitted that he had no experience in this work. He was a machinist by trade and confessed he knew nothing of the problem. He said that he rarely investigated a case but that he knew he was supposed to 'relieve the needs of the poor,' and furthermore, that there ought to be a better method of conducting this poor relief system, but that he held his job because of his political influence and that 'it was much worse with the Democratic clerk who preceded him in this office.' " ¹

What are the actual returns made to institutional inmates for the enormous expenditures cited above? The Pennsylvania Commission has made a careful analysis of the quality and quantity of food consumed in one typical county almshouse of that state on the respective tables for inmates and stewards. The general methods of caring for the aged may be seen from the following: The almshouse studied had a farm of 514 acres valued at \$200,000, while the buildings were valued at \$250,000 more. The analysis showed that during the year 1917 the inmates' table consisted on the average of 313 persons, while the stewards' table consisted of 32 persons. The following differences in table fare were found: The amount of butter consumed during that year averaged 7½ lbs. per inmate and 30¾ lbs. per steward. The inmates averaged 28 eggs per year, while the stewards averaged 200 per year. Sugar was consumed on the average of 22½ lbs. per inmate and 32½ per steward. The average amount of milk consumed

¹ Pennsylvania Report p 60.

by the inmates during that year was 23 qts., while the stewards averaged 101 qts. The average amount of chicken consumed by the inmates was a little over one ounce per year, while the stewards averaged ten pounds. The same proportion held true of other foodstuffs. The Commission comments:

"The above is illuminating from the standpoint of the quality and quantity of the foods consumed at the respective tables of inmates and stewards. It is shown throughout that the coarser foods are consumed by the inmates, while the better kinds, are used by the stewards. This is significant when it is remembered that many of the aged folks are continuously sick and need more of the better foodstuffs."¹

(c) THE COST TO INDUSTRY

Much has been heard lately of the importance of increasing production. The necessity for higher standards of workmanship, newer devices, and more scientific methods of management in order to increase the efficiency of the workers is now dwelt upon by all industrial leaders. Innumerable devices which would tend to stimulate a greater out-put by their workers are suggested by business men. It is patent, however, that a high degree of efficiency can be obtained only when one is possessed of a mind that is cheery, hopeful, and more or less contented. The reactions of mind upon body, in terms of industrial efficiency, can hardly be over-emphasized. But as long as the worker is left to grope with the problems of old age individually, the wage-earner—especially the middle-aged worker—can hardly be expected to maintain a happy state of mind.

To many millions of workers in the United States today, the future is a dark, unfathomable abyss in which hope, independence and comfort have no place. Advancing age is looked upon with great apprehension and dread even by many who are engaged in the skilled trades. What with the unemployment of old age, the high cost of living, and the numerous other

¹ Pennsylvania Report p. 64.

vicissitudes of modern life, their meagre savings are soon exhausted. Slowly, as the years advance, the thought of what he is to face during the days when he is no longer capable of working, robs the mind of the middle-aged worker of every form of contentment and enjoyment of the present. The thought of helplessness in the future gradually fills the life of a worker, especially if he is already advanced in age, with a fear and a feeling of fatalism which has a deadening influence upon everything he does. The prospect of the poorhouse with its stigma of pauperism, so detestable to the honest wage-earner, haunts him like a dark shadow and saps every bit of his vitality. The dreadful thought that after a lifetime of valuable service, he will be compelled to give up long-cherished home ties and life associations, to lose sight of the old home, to hear no longer the sound of his loved ones' voices, is constantly before him and fills his life with bitterness. He knows that life must soon end for him, yet he has one ambition left—not to die in a poorhouse. And these reflections inevitably result, especially to the sensitive and thoughtful worker, who cannot help dwelling with horror on the dreary period of old-age imprisonment which awaits him, in physical deterioration and the reduction of physical vigour, which in turn increasingly affect adversely his interest, efficiency, and contentment. Under these circumstances, what opportunities are there for the conservation of energy and the increase of production?

(d) THE COST TO THE YOUNGER
GENERATIONS AND TO SOCIETY

The present system of aged relief stands indicted not merely because it is inadequate, incompetently administered, and destructive of industrial efficiency. It must be called to account chiefly because of the detrimental effect it has upon the future. The present methods of caring for the aged necessitate a reconsideration and a readjustment because of their evil results upon the coming generation and upon society as a whole. For

of greater social significance and more far-reaching importance than either the money spent on the decrepit, or the treatment received by those whose lives have been spent and whose hopes of rehabilitation or restoration to society are slight, more sinister than even the industrial inefficiency it creates, are the effects the present methods of aged relief have upon great numbers of the younger and especially middle-aged wage-earners.

It is now generally recognized that society ultimately pays the price for all its apathy and resultant maladjustments. From the first impression it would appear that while this truth may be admitted, the price in the case of the neglected aged would be reduced to a minimum. For the great majority of the aged are rarely restored to active social participation, and their effect upon society, whether for good or evil, would seem to be nil. However, a closer observation reveals an intimate relationship between the superannuated workers and the younger generation with its children.

The data given in a preceding chapter show that, while aged dependency is widespread in this country, most persons, despite their poverty, succeed in avoiding either public or private charity. Obviously, these do not all commit suicide upon reaching old age, nor are many found actually starving on the streets. Most of these aged folk, as shown in the preceding chapters, are taken care of by their children or relatives. Indeed, this is given by the Pennsylvania Commission as the chief difference between those who remain "non-dependent" and those who must seek the poorhouse as their sheltering place. The studies of the different State Commissions show conclusively that few children able to do so are unwilling to aid their parents. On the other hand, it was found that in many instances children were supporting their aged parents, against great odds, either because of deep attachment to them or because of pride, which would rather suffer in silence than accept charity. While this may seem a very meritorious act, to those who consider it an obligation for children to support their

parents, or who take it as indication of the much-prized family solidarity, it can hardly be accepted as a desirable basis of society, under present conditions, that the older generation must be supported by the younger.

The younger generation must be considered in any discussion of the aged problem, especially if it is to be accepted that the aged are to be supported by their children. The proverbial "mother-in-law" is undoubtedly blamed for many more things than she is actually guilty of. Nevertheless, there are few persons who could not reflect upon one or more of their acquaintances whose young lives have been made pitifully wretched, and in some instances totally ruined, by the constant "pestering" of an old father-in-law or mother-in-law. Such conflicts are almost inevitable.

Romain Rolland's characteristic Frenchman, Colas Breugnon, faced with such a situation after a fire, bewails his misfortune thus:

"I have lost everything in the world," thought I. "My home, —the house was full of dear memories,—and the hope of ever having another of my own; all my savings, which it took me years to get together, bit by bit, and which were so much the more valuable to me, and worst of all, my independence is gone; for now, of course, I shall have to live with one of my children, and I don't know which of us will hate it the most. It is the one thing I have always been resolved against, as the worst that could happen. There is no use telling me that I love them, and they love me,—I know all that, but young people and old interfere with each other, and it is natural and proper for a bird to sit on its own nest. and hatch out its own eggs in its own way. Respect for the old is all very well, or rather it makes a difficulty, for you are not on an equality with people when you are obliged to show them respect. I have tried to behave so that my five children should not have too much respect for me, and I think I have succeeded pretty well, but there must always be a distance between us. Parents come and go in their children's lives, like strangers from a far country; there can never be perfect understanding

from one generation to another, and too often there is, on the contrary, interference and irritation."

As a rule the old persons hate to feel dependent upon their children. They suffer greatly from not being "able to make their own dollar," instead of accepting it from their children. On the one hand, the old who for years have been accustomed to be looked up to as the superiors and masters of the household can hardly adjust themselves to a position of "added burdens," when they become dependent upon their children. They find it difficult to give up their authority. On the other hand, even loyal children begin to lose their respect for parents who have become feeble, irritable, and burdensome. As a result there is frequently great suffering on the part of both the old and young generations, which sometimes ends disastrously for the children.

In addition to the evil effects upon the second generation described above, there is also the third generation to be considered. It seems cruel to force any father or mother in this twentieth century to decide between supporting old parents and contenting themselves with a little less food, less room, less clothing, and the curtailment of their children's education; or sending parents to the poorhouse or charitable agencies, accepting the stigma of pauperism, and thus assuring themselves of more food, more room, and more clothing, and a better education for their children which would help them to become somewhat more proficient workers. This is a difficult alternative, yet it is certain that thousands of parents in the United States are annually compelled to make such decisions.

Unfortunately for the children, the hateful odium of charity and pauperism is so repugnant to self-respecting labouring men and women that the decision, in the majority of such cases, is made in favour of the passing generation. Thus the lack of provisions for the old is often responsible for the stunted and thwarted growth of the children. Because of the necessity of supporting the aged, the children are frequently doomed to

under-nourishment; and to a life in the midst of crowded and unsanitary quarters. The children are compelled to leave school early in life and join the ranks of the unskilled; to add further to the already over-crowded industries and thus lower the wages of their own fathers and other such workers. They are doomed to physical deterioration early in life, and in turn to aged dependency, in order that they may keep up the vicious cycle. And this slaughter of the innocent brought upon the altar of ignorance to the ostrich continues, because the majority of the people in the United States still are afraid to lift their heads from the sand. They dread to face and meet the facts—as every other civilized country has already done—with a constructive social policy, for fear that in doing so they may be accused of “paternalism,” or “socialism,” or perhaps “Bolshevism”!

PART TWO
CAUSES OF OLD AGE DEPENDENCY

CHAPTER V

INDIVIDUAL CAUSES OF OLD-AGE DEPENDENCY

The causes that make for dependency in old age, like those which make for poverty in general, are many and varied. The forces which underlie the brutal sweeping aside of thousands of wage-earners as decrepit and dependent, are ordinarily too complex and of too heterogeneous a nature to permit of enumeration. Some are due, doubtless, to congenital or hereditary biological influences, some to physical environment and social heredity, while others may be the result of the existing social, economic, political, and perhaps even moral conditions. No completely accurate classification can be made of the factors and influences which go to make up human life, and which result in the fortune or misfortune of the individual. What may seem the effect of one particular cause may be so only in part. The main cause may overlap and encroach upon one or more related causes. It is especially difficult to classify the causes which make for old-age dependency, as even first-hand information cannot be taken at its face value in this instance; for frequently, where the mental grip of the aged upon life is loosening, many things are complained of which may have little or no actual basis for complaint. The division of individual and socio-economic causes of old-age dependency made in the following chapters must not, therefore, be taken to mean that they are mutually exclusive. The classification is made largely for convenience and on the ground that certain influences are more closely related, and are affected by the individual, while others lie largely outside of the individual and are more intimately allied with and dependent upon the current social and economic forces.

SUPERANNUATION AS A CAUSE OF
OLD-AGE DEPENDENCY

In any discussion of the causes of old-age dependency it is important to state first the part played by feebleness and inefficiency, naturally resulting from old age. The studies made by the several State Commissions, as well as by many other competent authorities reveal that old age as such is a comparatively minor cause of dependency in later life. As was pointed out before, the present problem of old age is due largely, not to the total incapacity or feebleness on the part of the aged, but rather to their inability to cope with the conditions under the highly developed modern machine industry which finds less need for expertness and experience and greater use for speed and rapid production. As a result, the younger generation, though less experienced, is continuously crowding out the older and less efficient workers.

The small part old age, as such, plays in dependency may be seen from the following: The Thirteenth U. S. Census' pauper enumeration gives the percentage of aged and infirm in almshouses as 32.1. The Massachusetts Commission in 1910 found the percentage of physical defect, due to old age, among the aged poor 65 years and over, ranging from 17.2 in the case of those receiving State and Military aid, to 35.7 in the case of those receiving private outdoor relief. Of 133 cases studied in Hamilton, Ohio, as to the cause of their retirement, only 25 attributed it directly to old age. Among the almshouse inmates in Ohio, of 1,608 cases investigated, only 90 or 5.6 per cent. attributed it to the same cause. In Pennsylvania also only 33.9 per cent. among almshouse paupers, 47.6 per cent. among inmates of benevolent homes, and 25 per cent. among the non-dependent aged 50 years of age and over were defective because of old age. In a study of 5,000 dependent families who came under the care of the New York Charity Organization Society during the years 1907-1908, Professor Devine

found only 11.98 per cent. who were dependent because the head of the family was 60 years old or more.¹

DEPENDENCY DUE TO WANING EARNING POWER

Closely associated with superannuation as a factor in dependency is the decreasing earning power of those who have passed their prime in life. It is commonly known that in many of the larger industries the age of employment is set below the age of 40 and in some cases not above 35. As a result many workers, who for one reason or another are compelled to leave the occupations in which they were engaged for many years, cannot be re-employed in the trades in which they have acquired expertness and experience. These are compelled to seek new employment more suited to their age, which invariably means decreased wages. As a factor in dependency this is of utmost significance, for it must be remembered that in spite of the reduction in wages the expenditures of these persons for food and rent, even under normal conditions of living costs, remain the same, while the expenditures for medicines are increasing with age.

The extent of the changes in occupation, with the resulting decrease in wages among workers who have passed their prime, may be judged from the following. The Ohio Commission found in its studies of wage-earners in Hamilton, that many men of weak physique who enter occupations like moulding, blacksmithing and boiler-making, make the discovery that they are not equal to the strain, after it is too late. These are forced to seek new and lighter employments. Its intensive analysis of the Census reports regarding ages and occupations indicates:

"That there are certain unskilled occupations which old men enter after they have been compelled to give up work in their principal occupations. There is a striking preponderance of old men in such occupations as those of janitor, city labourer, watchman for cities, and boarding and lodging house keepers. Nearly

¹ E. T. Devine, *Misery and its Causes*, p. 204.

24.8 per cent. of the boarding and lodging house keepers (male), in the United States in 1900 were between 45 and 54; 21.8 per cent. were between 55 and 64 and 15.2 per cent. were 65 and over. Of the watchmen, policemen and firemen 21.9 per cent. were between 45 and 54; 14.0 per cent. were between 55 and 65 and 5.4 per cent. were 65 and over. Of the janitors and sextons 21.8 per cent. were between 45 and 54; about 17.9 per cent. were between 55 and 64 and 9.7 per cent. were 65 and over. In 1910, 52.0 per cent. of the janitors, 68.4 per cent. of the sextons, 41.3 per cent. of the city labourers, 65.7 per cent. of the city watchmen, and 55.0 per cent. of the boarding and lodging house keepers were 45 and over."

The foregoing, concludes the Commission, shows that:

"Many workingmen are compelled between 50 and 60 to leave trades which impose a severe physical strain."¹

Comparisons of wages earned in old age with those earned at lesser ages bear out the relationship of old age to decreased earnings even more clearly. According to the findings of the Massachusetts Commission in 1910, of all aged classes investigated, the earnings at the time of investigation varied considerably from their earnings in the last occupations. While 31.3 per cent. were found earning above \$10 per week, at the time of investigation, 49.9 per cent. were in this wage-earning group during their last occupations. The percentage of those who received below \$10 a week was 50.1 during their previous earnings; while 68.7 per cent earned below this sum at time of investigation, or just prior to their admission to the various institutions.

Valuable information regarding the wages earned by paupers in old age, just prior to their admission to an institution, and in their earlier days is also supplied by the Pennsylvania Commission. It comments:

"While 32.30 per cent. of the almshouse inmates earned less

¹ Ohio Report pp 211-212.

than \$8 per week in their earlier years, a greater number, or 44.12 per cent. were earning the same sum prior to their admission. On the other hand, while 61.07 per cent. were earning between \$8 and \$20 per week in their younger days, only 52.48 per cent. were earning the same amount at the time of admission. This would prove that the earning power of these inmates was gradually declining, due either to old age or similar causes. The small wages earned by the majority of the inmates also seem to show that many of these aged folk could not earn a sufficient sum to maintain themselves in comfort. Of those who reported their last earnings 21.33 per cent. earned between \$12 and \$20 per week and only 6.4 per cent. were making \$20 or more a week."¹

LACK OF FAMILY CONNECTIONS

In the discussions of family connections (Chapter III), it was seen that aged dependency and pauperism are almost in inverse ratio to the number of children or relatives. Indeed, the presence of large numbers of childless persons in our poorhouses indicates clearly the connection between abnormally deficient family relationships and pauperism. In a total of 44,433 female paupers enumerated by the U. S. Census of 1910, only 30.9 per cent. had children still living. In Pennsylvania also, the Commission found, that while 63.5 per cent among the almshouse paupers had no children, in the case of those classified as "non-dependent aged," only 10.6 per cent. had no children living.

SICKNESS AND INDUSTRIAL ACCIDENTS AS CAUSES OF AGED DEPENDENCY

Very closely related to, and constantly attendant upon, aged dependency is physical disability resulting from either accident or bad health in general. It is common knowledge among social and charity workers that ill health stands out as the largest factor in all causes of dependency. It is conservatively estimated that in at least 50 per cent. of the families who apply

¹ Pennsylvania Report p 30.

for aid, physical disability, either directly or indirectly, constitutes the paramount cause for relief. The problem of old age is largely a problem of sickness and invalidity. This fact is generally recognized in European countries where old age insurance is frequently operated in conjunction with health and invalidity insurance systems. In these countries there are usually more persons receiving invalidity pensions than old age pensions.

The extent of sickness as a cause of dependency among the aged may be deduced from the following official studies. The U. S. Census enumeration of almshouse paupers in 1910 discloses that "Of the 84,198 paupers enumerated in almshouses on January 1, 1910, 53,619, or 63.7 per cent., were reported as having some serious physical or mental defect." The Massachusetts Commission in 1910 found in its almshouse population only 12.5 per cent. able-bodied persons and the general percentage of physically defective ones for all classes was high (72.2).

Of the conditions in Ohio, Dr. John O'Grady concludes:

"These figures, as well as the general observation of the investigators during the course of the study, seem to indicate that sickness, disease and accident are important factors in shortening the period of man's economic usefulness. Many of the workers interviewed stated that they began to fail after 50. Machinists and pattern makers complained of defective eyesight and the molders of rheumatism. As a rule they paid little attention to these disorders until there was a breakdown compelling them to give up work for two or three months.

"Illnesses were more important than any other cause in bringing about premature superannuation and frequently required the expenditure of all previous savings.

"There was every indication that for many wage-earners over 50 in Hamilton, the problem of sickness was really serious. The maladjustments, neglects and excesses of early life were then making themselves felt. One hundred and fifty-five of the men interviewed reported themselves as afflicted with definite disorders of various kinds, such as rheumatism and kidney, bladder and stomach

troubles. These ailments, accentuated by age, frequently compelled them to be absent from work for two or three months at a time.¹

"Of the 2,260 infirmary inmates of whom a detailed study was made, it was possible to obtain information in regard to the most important cause of poverty in 1,608 cases. Disease, sickness, or accident was given as the most important cause of dependency in 482, or 29.9 per cent. of the total number of cases."²

Sickness was also found to be the leading cause of disability by the Pennsylvania Commission. This cause was given by 34.5 per cent. in the case of the almshouse group; 36.2 among Benevolent Home inmates and 47 per cent. among the "non-dependent" aged.

The part played by physical disability in old-age dependency, however, is not confined to the actual period of senility. Indeed, illness and poverty are all too closely inter-related throughout our social system. It is very often difficult to determine which comes first. The Social Insurance Commission of California found in a study of 500 families who received public aid, that there were many family heads who had been earning considerably more than the average wage, but who were, nevertheless, compelled to ask for aid because of sickness which had consumed the savings of years.

That sickness encroaches upon the small property possessions of the poor and succeeds in ultimately wiping them out, is clearly brought out by the investigations of at least two State Commissions. Of all dependent groups investigated by the Massachusetts Commission, 60.1 per cent. of those who had property in their earlier days attributed its loss to prolonged illness. In Pennsylvania 35.5 per cent. of the almshouse paupers and 88.3 per cent. of the "non-dependent" aged claimed to have disposed of their previous property possessions in order to meet emergencies, largely those of sickness.

¹ Ohio Report p 223.

² Ibid p 241.

The relationship of bad health and dependency is indeed of such importance that a summary of some of the data gathered by the most recent State Commissions on Health Insurance is exceedingly valuable in this discussion.

As early as 1900, the National Conservation Commission in its report on national vitality declared that one rarely finds a person past forty-five years of age who is in perfect health. Since that time this broad statement of ill health has been corroborated by many studies of health conditions as found among different groups of workers.

"In an intensive physical examination of garment workers in New York City, made by the United States Public Health Service in 1914-15, it was found that among 2,086 males examined, there were present 9,541 defects and diseases, or an average of 4.57 for each male. The examination of 1,000 females showed 8,916 defects and diseases, or 4.88 for each female.¹

"Our knowledge of morbidity among the general population has been increased during the past few years by the surveys made by the Metropolitan Life Insurance Co. Surveys among the industrial policy-holders of this company have been made by the agents and have covered Rochester, N. Y., Boston, Mass., Kansas City, Mo., cities of West Virginia, cities of Pennsylvania, North Carolina, Trenton, N. J., and the Chelsea district of New York City. A total of 579,197 white men, women and children were covered and 10,878 were found unable to work, or 18.8 per thousand. A total of 376,678 people over 15 years of age showed 8,686 cases of disabling illness or 22.9 per thousand. The average disabling sickness for each of the persons of working age was, therefore, 8.4 days or 6.9 working days per year. When the data for disabling illness are classified according to sex, they show that white males over 15 have a morbidity rate of 22.8 per thousand and white females over 15 have a rate of 23.0 per thousand. These sickness rates represent an average total loss of 8.3 days a year for men and 8.4 days per year for women. If these rates are applied to the population over 15 in Ohio (3,700,000), it gives

¹ Ohio Report p 52.

an annual total of 31,000,000 sick days and a loss of 25,000,000 working days per year.

"The United States Commission on Industrial Relations estimated upon the basis of an examination of sickness statistics of more than a million workmen, that each industrial worker loses an average of nine days a year. This estimate is approved by Warren and Sydenstricker in their report on health insurance for the United States Public Health Service.

"The experience of nine benefit funds, in Ohio, covering 663,163 workers and 131,921 cases of disability which lasted eight days and over and which were due to sickness and non-industrial accident was examined. The analysis showed that for every 100 members, there were 19.7 cases of disability lasting eight days and over. The average number of days' disability per member per year—based on these cases, exclusive of days of disability beyond 189 days—was 6.0 days. In the Workmen's Sick and Death Benefit Fund which was analyzed separately, it is estimated upon the basis of compensated cases of disability lasting more than one day—exclusive of days of disability beyond one year—that each member was compensated on the average of 6.9 days of disability a year. Since these figures are for compensated cases only and do not include days of disability beyond the specified ranges, they are, therefore, somewhat less than the total sickness among the groups studied. From the mass of data all pointing to the same conclusion, the Commission estimates that for the whole group of employed workers in Ohio the average days of sickness will be about nine days annually.¹

"Among the 663,163 workers under observation, there were 131,921 cases of disability lasting eight days or over, or 19.7 cases for every 100 members. Of the cases lasting eight days or more, 34.7 per cent. lasted from eight to 14 days; 19.5 per cent. lasted from 15 to 21 days; 11.3 per cent. lasted from 22 to 27 days; 7.9 per cent. over one month but less than two months; 6.4 per cent. over two months but less than three months; 7.1 per cent. over three months but less than six months and 3.1 per cent. over six months."²

¹ Ohio Report pp 55-56.

² Ibid pp 56-57.

In Dr. Emmet's study of the Workmen's Sick and Benefit Society,¹ already referred to in a previous chapter, the average age of the members of this organization, composed largely of wage-earners, was 42.9 years. The total membership and the total cases of disability due to sickness and injuries of these were found as follows:

**EXTENT OF DISABILITY AMONG MEMBERS OF THE
WORKMEN'S SICK AND BENEFIT SOCIETY**

Year	No. of Members	Total Disability Cases	No. of Cases per 1,000 Members	No. of Disability Days among 1,000 Members
1912	40,294	10,791	267.8	4,920.6
1913	42,075	11,529	274.0	5,076.4
1914	42,821	11,281	262.2	5,636.8
1915	43,300	11,240	259.6	5,628.4
1916	44,188	11,870	268.6	5,528.4

Thus the total membership during a period of five years was subjected to a disability extent measured by 43,885 sick persons, disabled an aggregate of 1,223,324 days or an average of 6.6 days per member and 28.1 days per disabled person.

The Pennsylvania Health Insurance Commission in its report of 1919 concludes:

"More than 385,000 persons in the State are constantly suffering from illness; approximately 140,000 from severe, and 245,000 from slighter illnesses.

"The average loss of working time among employes in the State is at least six days each year because of sickness. In 1916, 8,025,071 working days were lost because of industrial accidents in the State; sickness causes approximately five to seven times as much loss as industrial accidents.

"At the nominal rate of \$2.00 a day the wage loss to employes of this State every year because of illness is at least \$33,000,000."²

"A study of twelve well organized establishment funds, was made during the summer and fall of 1918 by the Connecticut, Ohio, Illinois, and Pennsylvania Health Insurance Commissions with the help of

¹ Labour Review, November 1919, pp 20-29.

² Pennsylvania Health Insurance Com. Report, pp 31-32.

Mr. Boris Emmet of the United States Bureau of Labour Statistics. The results of this study were tabulated by the Ohio Commission in ten groupings. The benefit associations selected for study include employes in the following occupations: railroad transportation, manufacture of iron and steel products, textiles, steel mill, general foundry work and letter carriers. The most important facts to be gathered from this study relate to the duration of the illnesses for which benefit had been paid. As most of the funds had a seven day 'waiting period' only cases of more than eight days' duration were used in the combined experience tables. Because of differences in administration of benefits and hazards of the several occupations represented, the proportions of cases of long and short duration vary widely in the different funds. For instance, 55.78 per cent. of the sickness in Fund No. 1 lasted less than two weeks, while in Fund No. 10 only 16.1 per cent. was of this duration. In the 'over-six months' group, Fund No. 1 had 1.39 per cent. of its cases, while Fund No. 10 had 5.24 per cent.

"Taking the combined experience of these funds, however, it was found that 34.56 per cent. of the cases lasted less than two weeks; 34.68 lasted more than a month, and 3.26 per cent. more than six months."¹

The Connecticut Report of the Public Welfare Commission in an examination of the disability experiences of 22 factory Mutual Benefit Associations in that State also finds that:

"The average number of disability days per member per year for the 22 associations taken as a whole is 4.9 days. Making allowance for the fact that in these associations disabilities of shorter duration than the waiting period and disability running beyond the maximum benefit period are not reported, it is found that on the average a workman is disabled approximately six days per year because of non-industrial accidents and sickness. This figure is the same as was disclosed by the investigation of the Social Insurance Commission of the State of California.

¹ Ibid 53-56.

"The individual experience for one year of a concern which employs approximately 1,200 females showed for this group that the average number of disability days due to non-industrial accidents and sickness per female employé per year was 17.2."¹

According to the American Labour Legislation Review for December 1920 (p. 232), the United States Department of Labour estimates that 450,000,000 days' time is lost every year by 50,000,000 workers in this country on account of sickness.

The degree of physical disability in the United States as a whole is told vividly by the military draft rejections for physical defects. Of all the young men examined in the United States by the draft boards 29.11 per cent. were rejected on account of physical defects.

The responsibility of industrial accidents for a great deal of poverty and dependency is known to all. The exact number of industrial accidents occurring in the United States annually, however, is still impossible to determine. Even the best State compensation laws include neither all classes of workers nor all hazards, and no complete statistics of accidents are therefore available. For the year 1913 the U. S. Bureau of Labour Statistics² estimated the probable approximate number of fatal industrial accidents in the United States at 25,000 for both sexes, and the number of injuries involving a disability of more than four weeks at approximately 700,000. This estimate of comparatively prolonged disability was obviously no indication of the total number of minor accidents which occurred during that year. In a study of 10,000 accidents in the iron and steel industry involving disability of one day and over, made by the same Bureau,³ it was found that in 41.2 per cent. of the cases the disability terminated in the first week; 59.8 per cent. of the total cases terminated in two weeks, while 77.7 per cent. recovered in four weeks. If the accidents in the iron and steel industry are taken as representative of

¹ Report of Com. on Public Welfare, Hartford 1919, p. 50.

² Bulletin No. 157, March 1915, p. 6.

³ Ibid p. 7.

industry in general, in the United States, in respect to the period of termination, it would mean that the total number of industrial accidents in the United States approximate 4,000,000 a year.

Miss Margaret Gadsby in a recent study of industrial accident statistics in the United States¹ points out succinctly the deplorable inadequacy of complete data on this subject:

"How many industrial accidents occur yearly in the United States? We do not know. To what extent have workmen's compensation laws and the safety movement mitigated the accident evil in American industries? We are unable to determine with any degree of certainty. What are the causes of industrial accidents? What is the accident frequency rate in the leading industries; the accident severity rate? We do not know. Where can preventative measures be most effectively applied? It has never been adequately determined; there are no adequate comparable data. How many industrially disabled are there in the country who will be affected by the recent legislation extending the provisions of the rehabilitation act to the industrial cripple? No authoritative statistics are available. What is the annual loss in productive efficiency through industrial accidents? What is the annual cost in time and money lost through accidents in industry? We do not know; there are no figures available by which it can be determined . . . Even the part of this information which is the most elementary—the mere number of accidents occurring within a given year—is unavailable for the country as a whole. Not only is there no uniform method of tabulating statistics of accidents for the entire country, but also few States can be said to have accurate knowledge of the total number of accidents occurring in the industries within their borders. As for an analysis of such accidents as to cause and severity within each industry, only half a dozen States can be said to have approximated a significant analysis."

From a study of all the available sources of information which, Miss Gadsby states, "can in no case be said to represent

¹ Labour Review, March 1921, pp 167-176

the total number of accidents occurring within the State," she presents the following industrial accident figures for the years 1917-1918-1919.

Year	Fatal Accidents	Non-Fatal Accidents
1917	11,111	1,898,151
1918	12,082	1,569,771
1919	9,963	1,170,394

The above totals, as was pointed out, are incomplete. From several states no figures whatever were available for the period covered. In four instances, the figures refer to accidents in mines only. In some cases only accidents resulting in more than two weeks' disability are included, and in one case the data refer only to such accidents occurring in establishments where women and children are employed. In addition, the investigator contends: "A State that has a seven-day waiting period has no record of approximately 40 per cent. of its tabulatable accidents. Those States having a waiting period of two weeks have no record of from 65 to 70 per cent. of their industrial casualties."

After a thorough analysis of European and American industrial accident rates, Rubinow concludes:

"That there occur in the United States annually some 30,000 fatal industrial accidents, about 200,000 accidents leading to permanent disability, of which nearly 60,000 are cases of actual loss of part of body, and about 100,000 resulting in disability of under 25 per cent. and another 50,000 in disability of 25 to 50 per cent., and the remainder cause disability of over 50 per cent. In addition, some 170,000 accidents are serious in that disability lasts over three months, but eventually they result in complete recovery, especially, if economic conditions favour it."¹

A recent pamphlet issued by the Metropolitan Life Insurance Company declares that the United States leads all other countries "equally advanced industrially and socially" in industrial deaths. It is stated that there are "not less than 85,000

¹ I. M. Rubinow, *Social Insurance*, p 68.

deaths from accidental causes each year in this country. If our accident rate were reduced to that of England and Wales, we should have only 44,000 deaths from accidents."

R. W. Little of the Safety Institute of America, referring to the 2,000,000 industrial accidents in the United States every year, points out that each of more than 700,000 industrial workers loses more than four weeks every year as a result of industrial accidents; that there are at least 22,500 industrial deaths annually in this country, and that our industries turn out each year 15,000 workmen suffering from permanent disability—"battle casualties of peace."¹

The above estimates are hardly exaggerated. In the State of Massachusetts alone, whose population was less than three and one-half millions in 1910, there were reported to the Industrial Accident Board of that State, the following number of injuries:

Year	Number
1912-18.....	90,681
1913-14.....	98,729
1914-15.....	95,769
1915-16.....	187,695
1916-17.....	174,872
1917-18.....	170,718 ²

The New York Industrial Commission found that from July 1, 1914, to Jan. 1, 1916, there were 688 industrial accidents in that State every working day. In other words, there were in that State alone 315,000 industrial accidents in eighteen months. According to the September, 1920, Bulletin of the New York Industrial Commission there were during the year ending June, 1920, 345,672 industrial accidents reported to the above Commission. During the three-year period of 1915 to 1917 the total cases compensated in Wisconsin, including both fatal and non-fatal accidents, was 40,980.³ During the year ending June 30, 1919, 18,448 cases of injury were reported

¹ Labour Legislation Review, Dec. 1920, p 232.

² Labour Review, March 1919, pp 223-24.

³ Ibid, July 1919, p 185.

under the Wisconsin law, while during the year ending June 1920, 18,441 additional cases of injury were reported.¹ In California, the Industrial Accident Commission gives the total number of accidents for the calendar year of 1918 in that State as 104,767.² In 1919 the total increased to 108,947.³

In Pennsylvania the Department of Labour and Industry Reports state that in 1916 there were 255,616 accidents of all kinds. In 1917 the number decreased to 227,880. In 1918 there were in Pennsylvania a total of 184,844 industrial accidents, 3,403 of which were fatal. In 53,783 or 29.1 per cent. of the cases, the injuries resulted in a loss of more than 14 days, while in 127,658 or 69.1 per cent., the disability lasted from two to 14 days. The total number of days lost that year amounted to 2,767,471 and the wages lost amounted to \$10,286,872. In 1919 there were a total number of 152,544 industrial accidents of which 2,569 were fatal.⁴ There were lost through accidents during the same year 2,053,277 work days in Pennsylvania, an average of 13.46 days lost for each accident. The total wage loss through accident during that year amounted to \$8,756,697, or an average wage loss of \$57.47 for each accident.⁵

In 1920 the total number of accidents amounted to 174,979 of which 2,514 were fatal. The number of days lost was 2,442,219 and the wage loss amounted to \$12,154,829.⁶

How staggering is the accident toll exacted by industries may be seen from the following Pennsylvania figures. During the five years—1916-1920—since the inauguration of the Compensation Bureau of Pennsylvania, there occurred a total of 995,863 industrial accidents, of which 14,108 were fatal.

¹ Biennial Report, 1918-1920 pp 71-75, Industrial Commission of Wisconsin, Madison 1920.

² Report of Industrial Accident Com. California July 1, 1918 to June 30, 1919, p 43.

³ Labour Review Jan. 1921 p 176.

⁴ Bulletin Penna. Dept. Labour & Industry. Vol. 6 No. 1 Series of 1919.

⁵ Ibid. Vol. 7, No. 2 Series of 1920.

⁶ Data Supplied by Dept. of Labour and Industry.

The total number of days lost amounted to 14,590,701. The total wage loss amounted to \$50,146,055.

The accident toll exacted by modern industries from the wage earners engaged in them, is also evident from the following. The accidents in the metal mines in the United States in 1916 amounted to 48,237; 46,286 in 1917,¹ and 42,915 in 1918.² The number of coal mine fatal accidents were as follows:³

Year	Number
1916.....	2,226
1917.....	2,696
1918.....	2,580
1919.....	2,809
1920 (first 8 months)	1,840

In the iron and steel industry from 1910 to 1918 the industrial casualties were as follows:

1910.....	45,283
1911.....	38,811
1912.....	56,164
1913.....	57,182
1914.....	38,469
1915.....	18,940
1916.....	21,537
1917.....	58,885
1918.....	54,601 ⁴

The number of casualties on the steam roads in the United States were as follows in 1917: Killed 10,087; injured 194,805.⁵ In 1918 the total casualties on the steam roads amounted to 9,286 killed and 174,575 injured.⁶

That it is the poorest workers who are largely affected by accidents is evident from the Fifth Annual Report of the Industrial Accident Board of Massachusetts. This report analyzes the accident cases for the year 1916-17 and finds that 65

¹ Labour Review, August 1918, p 216.

² Ibid June 1920, p 165.

³ Ibid Jan. 1921, p 159.

⁴ Ibid November 1919, p 254.

⁵ Ibid April 1919, p 199.

⁶ Ibid March 1920, p 160.

per cent. of the non-fatal injuries were in the \$8.01 to \$15.00 a week wage-group. What effect this has upon the family is further revealed from an analysis of the dependents left by 460 fatal cases in California in 1918, made by the Industrial Accident Commission of that State. The 460 individuals killed left a total of 817 persons who were completely dependent upon them. Of this total 329 were wives whose average age was 37.6 years; 455 were children whose average age was 8.5 years, while 33 others consisted of dependent parents and relatives whose average age was about 65 years.¹ In Pennsylvania also of the 995,863 total industrial accidents which occurred during the period of 1916-1920, 582,609, or almost two-thirds of the cases, were married persons. The total number of dependents of the injured ones amounted to 802,236 during the five-year period.

It is out of place to dwell here upon the tremendous price which is being paid annually in human and economic values in this country, largely as a sacrifice to greed and greater efficiency. That the accident rates are declining in practically all occupations is, of course, encouraging. The relation of the above figures to dependency, however, is obvious. What this annual hecatomb means in terms of destitution and mental and physical suffering to the victims and their dependents permits no estimation.

¹ Report of California Commission p 60.

CHAPTER VI

THE CHASM BETWEEN THE COST OF LIVING AND WAGES

The wages earned by the labouring classes in the United States are too intimately related to aged dependency and too important not to require the most thorough and careful consideration. It is all too frequently assumed that the lack of individual savings for old age is an indication of thriftlessness and lack of foresight of the wage earner or his family. The plain fact is that the prevailing standard or daily wage is generally based upon the daily minimum needs, and permits of little or no saving. Rarely is it taken into consideration by either party to the labour contract in modern society that the basis of the daily wage must make provision for such exigencies as sickness, accident, disability and old age. Wage rates to-day depend largely upon demand and supply, and when labour is purchased as a commodity in the open market it is naturally bought at the lowest possible price. Such a bargain obviously takes into consideration only the essential and immediate needs of the wage-earner and his family. Indeed, in determining the wage scale it is as if, in respect to old age, both employer and employé had accepted what has falsely been represented as Dr. Osler's theory, that men 60 and over have no right to live. Under such circumstances it is really surprising to find, as was disclosed in a previous chapter, large numbers of wage-earners who have actually had savings that were swept away by sickness and other misfortunes by the time they reached old age. Indeed, an examination of available wage statistics seems to show that the great mass of wage-earners in this country have at no time received a wage which would enable them to

procure the American standard of living set by students and government authorities as necessary to support a family consisting of the father, mother and three small children with the absolute necessities of life.

1890-1900

Prof. John A. Ryan in his book "A Living Wage" made an exhaustive and careful study of the Census Reports of 1890 and 1900, as well as of numerous other statistical reports prepared by the Federal and various State labour bureaus, regarding wages and the cost of living during the last decade of the nineteenth century and the beginning of the twentieth century. His studies of the cost of living during that decade convinced him that:

"The conclusions that seem to be abundantly justified by the facts brought out may, therefore, be stated as follows: first, anything less than \$600 per year is not a Living Wage in any of the cities of the United States; second, this sum is probably a Living Wage in those cities of the Southern States in which fuel, clothing, food and some other items of expenditures are cheaper than in the North; third, it is possibly a Living Wage in the moderately sized cities of the West, North and East; and fourth, in some of the largest cities of the last named regions, it is certainly not a Living Wage."¹

In addition to Professor Ryan's estimate, the United States Bureau of Labour in 1901 studied the incomes and expenditures of 25,440 families whose average size was 4.88 persons. This investigation showed that it cost at least \$700 on the average to support each of these families.²

After he had established his standard Professor Ryan then made a further study of wage reports and taking his estimate as the minimum basis, presented the following proportion of underpaid workers in the different industries:

¹ John A. Ryan, *A Living Wage*, p 150.

² Maurice Parmelee, *Poverty and Social Progress*, p 87.

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Employees and Years Represented	No. of Adult Males Represented	Per Cent of Adult Males Under-paid
In 50 Manufacturing Industries in 1890.....	757,865	51
In Iron and Steel, 1891.....	17,650	81
In Railway Occupations, 1899.....	206,604	85
In 84 Manufacturing Industries, 1890.....	93,544	66
In 84 Manufacturing Industries, 1900.....	142,638	64
In Railway Occupations, 1900 and 1903.....	2,125,717	72
In Manufacturing, Mass., 1890 and 1891.....	367,811	59
In Manufacturing, Wis., 1891.....	70,326	61
In Manufacturing, Minn., 1899 and 1900.....	99,872	53
In Manufacturing, Mass., 1899 and 1900.....	511,727	64
In Manufacturing, Wis., 1899, 1900, 1901....	217,522	75
In Manufacturing, N. J., 1899, 1900, 1901....	887,908	60
In Manufacturing, Ill., 1900 and 1901.....	185,890	58 ¹

The important feature of the table, summarizes Professor Ryan:

"Is the percentages, which may be taken as fairly representative of average wage conditions in manufacturing and railway industries. And the general level of remuneration in these two fields is undoubtedly quite as high as the average of the other urban occupations. It is to be noted, moreover, that these percentages reflect the conditions of 1890 and 1900-1903, when wages were about as high as they are at present (1905), fully as high as the average of the last fifteen years, and higher than that of the last twenty-five years."²

During the same period, according to Streightoff,³ the yearly remuneration of the garment makers in 1894 in New York ranged from \$249.94 for knee-pants-makers to \$402 for cap-makers: and the male machine operators and handworkers of Chicago earned on the average \$430 and \$325, respectively, the average recompense of all male workers in the cloak-making trades being \$330.42. In 1900, in North Dakota, were 2,169 men investigated, whose wages averaged \$535; Minnesota recorded 66,889 workmen at an average of \$492; and Wisconsin 120,131, at \$449. In the same year the average earnings of

¹ "A Living Wage" p 160.

² Ibid, p 161.

³ "The Standard of Living," by F. H. Streightoff, pp 60-63.

male cotton operators was \$405.69 in Massachusetts, \$243.34 in Georgia, \$216.39 in North Carolina, and \$207.58 in South Carolina.

1901-1904

In analyzing the labour reports of the States of New Jersey and Massachusetts for 1901, Straightoff found that 64.75 per cent. of all adult male factory employes in the manufacturing industries of the former State and 62.86 per cent. of the male employes in similar industries in the latter State earned less than \$12 per week, or approximately \$600 per year.¹

A study of family incomes made by the Massachusetts Bureau of Statistics of Labour in 1902 revealed that it cost on the average about \$800 to support each of these families, whose average size was 4.8 persons.² In the same year also the New York Bureau of Labour Statistics estimated that an income of \$10 a week, or \$520 a year, was inadequate for a family living in a city.³

From the 1902 reports of the Labour Bureaus, Straightoff⁴ found that 62.51 per cent. of the male employes in the manufacturing industries in New Jersey, and 61.35 per cent. of the male employes in Massachusetts earned less than \$12 a week or approximately \$600 per year. The Indiana returns for the same year showed the average earnings of pumpmen as \$2.20 per day, while that of trappers who worked only 215 days in the year was \$1.13 per day. Professor Ryan also points out that the Interstate Commerce Commission's Reports for the year 1903 revealed that 72 per cent. of the more than two million railroad employes investigated earned less than \$600 per year.

In 1904 Robert Hunter stated that:

"It was shown by the Massachusetts Bureau of Statistics that

¹ The Standard of Living, Appendices A and B.

² Parmelee, Poverty and Social Progress, p 87.

³ Ibid, p 88.

⁴ The Standard of Living, Appendices A and B, p 61.

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it takes \$754 a year for a family of five persons to live on. John Mitchell has said that a minimum wage of \$600 a year is necessary in the anthracite district for a worker with a family of ordinary size. The New York Bureau of Labour considers that \$10 a week or \$520 a year is inadequate for city workmen. A prominent official of one of the largest charities in New York City thinks that \$2 a day, or about \$624 a year, is necessary for a family of five in that city.”¹

From these estimates Hunter expressed the opinion that \$624 was not too much for a family in New York City. “When one gets below these figures,” he declared, “every dollar cut off may mean depriving a family of a necessity of life, in times of health even, and unquestionably in times of sickness.” But in order to be thoroughly conservative he estimated “more or less arbitrarily, \$460 a year as essential to defray the expenses of an average family,—a father, a mother, and three children,—in the cities and industrial communities of the New England States, of New York, Pennsylvania, Indiana, Ohio, and Illinois.” “This estimate,” he concluded, “would approach very nearly a fair standard for the poverty line; that is to say, if any working-class family should be unable to obtain this wage, they would in all likelihood be unable to obtain the necessities for maintaining physical efficiency.”²

One of the most extensive investigations of wages in the United States was made during 1903-1904 by the United States Census Bureau. This investigation covered 3,297,811 wage-earners of whom 2,619,025 or 79.4 per cent. were men; 588,599 or 17.9 per cent. were women and some 90,167 or 2.7 were children.

The accompanying table indicates that during the period studied, over one quarter of the male workers were earning less than \$8 a week, or less than \$420 a year; 46 per cent. earned less than \$10 a week, while over 70 per cent. or nearly three-

¹ Robert Hunter, *Poverty*, pp 51-58.

² *Ibid* pp 51-53.

**EARNINGS OF MALES, SIXTEEN YEARS AND OVER, ENGAGED
IN MANUFACTURE IN THE UNITED STATES IN 1904¹**

Weekly Wage	Number	PERCENTAGES	
		Actual	Cumulative
Under \$3	56,846	2.3	2.3
\$ 3 but under \$ 4.....	57,597	2.3	4.4
\$ 4 " " \$ 5.....	87,789	3.4	7.8
\$ 5 " " \$ 6.....	103,429	4.0	11.9
\$ 6 " " \$ 7.....	161,940	6.3	18.0
\$ 7 " " \$ 8.....	196,981	7.5	25.5
\$ 8 " " \$ 9.....	207,954	7.9	33.4
\$ 9 " " \$10.....	343,812	13.1	46.5
\$10 " " \$12.....	409,483	15.6	62.1
\$12 " " \$15.....	450,568	17.3	70.3
\$15 " " \$20.....	385,647	14.7	94.0
\$20 " " \$25.....	106,046	4.0	98.0
\$25 and over.....	51,511	2.0	100.0

fourths were earning less than \$15 a week, or \$780 a year. Ninety-eight per cent. of all wage-earners earned less than \$25 a week. The average for all classes is \$10.06, or approximately \$520 per year, the average for men being \$11.16, for women \$6.17, and for children \$3.46.

In the same year Streightoff made the following estimate of the distribution of income in the United States derived primarily from labour:²

Approximate number of males, 16 years old or over, employed in 1904	19,658,000
Number earning under \$600 yearly, or under \$12 weekly.....	12,738,000
Number earning \$600, but under \$1,000 yearly, \$12 but under \$20 weekly	5,315,000
Number earning \$1,000 or more yearly, or \$20 or more weekly..	1,605,000

On the basis of the above data, Streightoff concluded that in 1904 over 60 per cent. of the males, at least 16 years of age, employed in manufacturing, mining, trade, transportation, and a few other occupations were earning less than \$624 per annum, or less than \$12 per week on an average. Summarizing the official reports which he studied, Streightoff also shows³ that 46.5 per cent. of the Illinois miners earned less than \$500 per year. He gives the percentages of adult males, exclusive of officers, clerks and salaried persons, engaged in manufactur-

¹ Report of Manufactures, Census Bureau Part IV. pp 645-8, 1905.

² Poverty and Social Progress p 68.

³ The Standard of Living, pp 60-64.

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ing in the same year, whose earnings were less than \$12 per week, as 62.35 in Massachusetts; 60.8 in New Jersey; 58.05 in Missouri; 31.15 in Illinois, and 67.95 in Wisconsin.

1905-1907

From an intensive study of the budgets of 200 wage-earning families in New York City during the years 1903 and 1905, Mrs. More concluded as a result of her investigations that "a fair living wage for a workingman's family in New York City should be at least \$728 a year or a steady income of \$14 a week."¹

According to the Census of Manufactures, the 4,244,538 men engaged in manufacturing in 1905 received an average income of \$533.95. Of 13,796 railway men in North Carolina, in the same year, 11,295 were found to have averaged less than \$1.62 per day or \$500 per year. In 30 Maine clothing factories in 1905, 234 men investigated received wages averaging \$10.82 per week, while 1078 women earned a mean weekly wage of \$6.78. Of the adult males engaged in manufacturing industries during the same year, 58.5 per cent. in New Jersey and 57.09 in Massachusetts earned less than \$12 per week.²

In concluding his estimates of what constitutes a living wage Professor Ryan states:

"According to careful studies and estimates made by several groups of investigators in 1906, the minimum cost of decent living for a family of moderate size was: in New York, \$950; in Chicago, \$900; in Baltimore, \$750; while the average for these and several other large cities was \$938."

Professor Ryan, however, declares:

"The conclusion seems justified that at least sixty per cent. of the adult male workers in the cities of the United States are today (1905) receiving less than \$600 annually."³

During 1906, the percentages of adult male employés en-

¹ L. B. More—Wage Earner's Budgets, pp 269-70.

² The Standard of Living, pp 59-60-62, and Appendices A and B.

³ A Living Wage pp 150 and 162.

gaged in manufacturing industries who earned less than \$12 per week were as follows:¹ In New Jersey, 57.49; in Massachusetts, 55.12, while in San Francisco, where wages have always been higher, of all employes, including women and children, in the same year 63.40 per cent. earned less than \$12 per week. In Indiana during the same year the earnings of railway workers were found as follows: 1,870 conductors earned an average of \$1,084.93; 2,287 engineers averaged \$1,284.69; 4,408 station men averaged \$508.37, and 88,967 track men earned \$378.93 each on an average that year.² The 30,742 miners investigated in Illinois in 1906 worked only 189.6 days during that year and earned on an average \$480.82.³ Of 9,679 men at work in cotton factories in New Hampshire during the same year the average wage amounted to \$417.31.

Little improvement occurred the following year. In 1907 of the adult male factory employes (exclusive of officers, clerks and salaried men) engaged in manufacturing industries in New Jersey, 54.5 per cent. of the total earned less than \$12 per week, while of those engaged in the same industries in Massachusetts, 51.64 per cent. earned a similar wage.⁴

1908-1909

Quite a large number of investigations regarding both minimum standards required and wages actually received were carried on during 1908. The United States Bureau of Labour estimated that in Fall River, Mass., in 1908, the minimum standard of living for an average family could not be less than \$484.41 per year. This standard the Bureau defined as follows:

"If the family live upon this sum without suffering, wisdom to properly apportion the income is necessary. There can be no amusements or recreations that involve any expense. No tobacco can be used. No newspapers can be purchased. The children

¹ The Standard of Living p 64.

² The Standard of Living p 60.

³ Ibid p 61.

⁴ Ibid Appendices A and B.

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cannot go to school because there will be no money to buy their books. Household articles that are worn out or destroyed cannot be replaced. The above sum provides for neither birth nor death nor any illness that demands a doctor's attention or calls for medicine. Even though all these things are eliminated, if the family is not to suffer, the mother must be a woman of rare ability. She must know how to make her own and her children's clothing; she must be physically able to do all the household work, including the washing. And she must know enough to purchase with her allowance the food that has the proper nutritive value."¹

The Bureau estimated that a fairer standard of living for Portuguese, Polish and Italian families required at least \$690.95, and \$731.99 for English, Irish and Canadian-French families. This higher standard, the Bureau said:

"Will enable him (the father) to furnish them (his family) good nourishing food and sufficient clothing. He can send his children to school. Unless a prolonged or serious illness befall the family, he can pay for medical attention. If a death should occur, insurance will meet the expense. He can provide some simple recreation for his family, the cost not to be over \$15.60 for the year. If this cotton-mill father is given employment 300 days out of the year, he must earn \$2 per day to maintain this standard. As the children grow older and the family increases in size, the cost of living will naturally increase. The father must either earn more himself or be assisted by his younger children.

"But even this standard is by no means an ideal one. It does not allow savings to meet the contingency of any unusual event, such as lack of employment or accident to the father. It makes provision for old age. It provides for culture wants only in the most limited manner. viz., one paper costing \$1 a year. It provides elementary schooling for the children up to their twelfth year only."²

The Massachusetts Bureau of Statistics investigations dur-

¹ Report on Condition of Woman and Child wage-earners in the U. S., 51st Cong., 2nd sess., Sen. doc. No 645, Vol. XVI, p 142.

² Ibid, p. 152-3.

ing the same year showed that the average wage of all cotton-mill employes in Fall River was only \$447.40, quite below even the minimum standard set for the same city.¹ The average remuneration of all the 176,377 anthracite miners in Pennsylvania in that year was \$496.13, just above the lowest standard; that of the bituminous miners averaged only \$447; while the average for all the employes amounted only to \$458.29,² considerably less than the minimum required. Of the male employes engaged in factories, 56.7 per cent. in New Jersey and 51.70 in Massachusetts earned less than \$12 per week.³

"In 1908 the railroads of the United States employed 61,215 firemen at an average per diem compensation of \$2.64; 57,668 enginemen at \$4.45; 43,322 conductors at \$3.81; 114,580 other trainmen at \$2.60; 41,419 section foremen at \$1.95; 299,448 other trackmen at \$1.45; and 46,221 switch tenders and crossing watchmen at \$1.78."⁴

In the same year the New Jersey roads employed some 42,514 men at an average annual wage of \$657.22, considerably below the fair standard set for Fall River.

On the basis of numerous statistical reports of wages in Massachusetts during 1908 furnished by the different State Bureaus, Nearing concluded that:

"It may be fairly stated that no more than one adult male wage-earner in every twenty employed in the industries of Massachusetts receives, in annual earnings, for a normally prosperous year, more than \$1,000. On the other hand, more than one-third of all the adult males are paid wages under \$500; more than one-half receive wages under \$600; while nearly three-quarters receive less than \$700 annually."⁵

¹ Statistics of Manufacture, Massachusetts, 1908, Boston, 1909, pp. 12-32.

² Streightoff, F. H. Standard of Living, p. 61.

³ Ibid Appendices A and B.

⁴ Ibid p 61.

⁵ Scott Nearing, Wages in the United States, pp 57-58.

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In cotton goods, the leading Massachusetts industry, Nearing found that wages were very much lower than in the State at large, nearly three-fifths of all the adult male employes having received less than \$459 in 1908.

From budget studies made by Dr. R. C. Chapin in 1909, the New York State Conference of Charities and Corrections concluded that:

"It is fairly conservative to estimate that \$825 is sufficient for the average family of five individuals, comprising the father, mother and three children under 14 years of age, to maintain a fairly proper standard of living in the borough of Manhattan."¹

In 1909, Nearing made a study of wages in New Jersey similar to that which he had made the year before of wages in Massachusetts and found that:

"For the State of New Jersey at large, and for the five industries employing the largest numbers of persons, it appears that after deducting the known unemployment, between one-third and one-half of the adult males received less than \$500 in 1909; that from one-half to three-fifths received less than \$600; that about three-quarters were paid less than \$750; nine-tenths received less than \$950; while from one-twentieth to one-tenth received \$950 or over. The wages of adult females were very much lower. From three-quarters to four-fifths received less than \$400; nine-tenths were paid less than \$500, while a vanishing small percentage received an annual wage of more than \$750."²

A study of wages in the leading industries of Kansas in 1909, by the same writer, showed that while the industrial conditions in Kansas differ from those in Massachusetts and New Jersey, about one-third of the male employes in the car and shop construction and slaughtering industries received less than \$500, one-half less than \$600 and three-fourths received less

¹ R. C. Chapin, *The Standard of Living Among Workingmen's Families*, in New York City, p 281.

² Scott Nearing, *Wages in The United States*, p 72.

than \$750 per year. The proportion of females earning less than \$520 was exactly twice that of males.¹

Nearing's conclusions are fully borne out by official investigators. The 1910 Census Reports give the average number of wage-earners engaged in manufacturing in 1909 as 6,681, 981. The total amount spent in wages in those industries during that year was \$3,484,734,000. When this total is divided by the average number of wage-earners the quotient is \$517.91, which was the average wage during that year and which is below \$10 per week.

The U. S. Department of Agriculture also gave the farm wages during the year 1909. Farm labour by the day in the lowest type of work averaged \$1.71 in 1909, outdoor farm labour with board averaged \$1.43 a day, while the average monthly wage for outdoor farm labour quoted for the year without board was \$25.46 or \$305.52 per year.²

1910-1913

In 1910, after a most exhaustive study of wealth possessions, Dr. Willford I. King estimated that 95 per cent. of the families of the United States had incomes of less than \$2,000 a year; 82 per cent. had incomes of less than \$1,200; while 69 per cent. were living on less than \$1,000.³

An elaborate Congressional investigation of the iron and steel industry in the United States, covering 172,706 employés, found the wage rates per year as of May, 1910, as follows: Eight per cent. earned under \$500, 60 per cent. under \$750, 85 per cent. under \$1,000, and 97 per cent. under \$1,500. The separate rates of the employés of the Bethlehem Steel Company during January of that year were found to be less than

¹ Ibid, pp 85-87.

² United States Dept. of Agriculture, Bureau of Statistics, Bulletin 99, 1912.

³ W. I. King, *Wealth & Income of The People of the United States* pp 214-230.

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\$500 per year in one-third of the cases; less than \$625 in two-thirds, while only eight per cent. averaged \$1,000 and over.¹

The Census Reports also show that in 1910 the average number of wage-earners engaged in mining industries was 1,093,286. The total wages earned by them was \$606,135,238. The average wage secured when the total sum earned is divided by the total number of workers is \$554.42, or \$10.66 per week.

The Federal Immigration Commission's report of 1910 announced that not one of the 12 basic American industries paid the average head of a family within \$100 a year of the minimum for family subsistence, and two-thirds of the 12 industries paid the family head less than \$550 a year.²

From the exhaustive studies made by Streightoff of incomes and actual expenditures in different parts of the country, he presented for 1911 the following minimum of expenditures necessary for a family consisting of a husband, a wife, a boy between 11 and 14, a child between 7 and 10, and a baby under three. These expenditures obviously include only a minimum of the most essential necessities:

Food	\$297
Rent	100
Clothing	120
Fuel	40
Church and Other Organizations....	20
Medical Attendance	13
Amusement	20
Miscellaneous	40
Total	\$649

Mr. Streightoff concludes:

"The above would show that it is conservative to set \$650 as the extreme low limit of a Living Wage in cities of the North, East, and West. Probably \$600 is high enough for the cities of the South. At this wage there can be no saving and a minimum of pleasure. Yet there are in the United States, at least five million industrial workmen who are earning \$600 or less a year."

¹ Scott Nearing, *Income* p 90.

² Carleton H. Parker, *The Casual Labourer*, p 117.

Streightoff then calls attention to the fact that:

"It will be remembered that 1,116,199 men engaged in manufacturing alone are earning no more than \$400 per annum, and 2,009,914 are receiving no more than \$500. If all industrial occupations are considered probably four million men are not enjoying annual incomes of \$600."¹

During the period of 1911-12 a number of wage studies were brought out by the United States Department of Labour. In the cigar industry studied in that period, of 3,615 males investigated, three-tenths received a wage of less than \$750, while half of those studied earned wages under \$1,000 per year. Four-fifths of the 7,551 females investigated received a wage of less than \$750 per year.²

The Tariff Board made extensive investigations during the same period of wage rates in the cotton industry. These studies disclosed that in the North five per cent. and in the South 22 per cent. of the males 16 years of age and over in the cotton industry received a wage rate of less than \$250 per year. Half of the employés in the North and more than four-fifths of those employed in the South were paid at the rate of less than \$500 per year. The figures for women range much lower than those for men.³

For the dyeing and finishing woolens and worsted industry the Tariff Board reports that four-fifths of the male dyers earned less than \$500 and nine-tenths less than \$700 per year.⁴

The wages of employés engaged in woolen, worsted and cotton mills of Lawrence, Mass., in 1911 were similar to those found by the Tariff Board. In that city half of the men studied received wages below \$500 while seven-eighths earned less than \$600. In the case of female employés more than

¹ The Standard of Living, p 162.

² Income, p 95.

³ Report of the Tariff Board on Cotton Manufactures. 62nd Congress, 2nd Session, House of Document 643, Government Printing Office, 1912, Vol. II, 687-651.

⁴ Income pp 91-92.

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four-fifths earned less than \$500, while 94 per cent. received less than \$600.¹

The U. S. Labour Department in its investigations in the textile industry brought out similar results. In the cotton industry three-fifths of the males and four-fifths of the females received wages of less than \$500 per year, while 99 per cent. of the females and 97 per cent. of the males earned less than \$750 per year.²

In 1911-12 the Oklahoma Department of Labour reported that of 668 male wage-earners in the telephone and telegraph industry 27 per cent. received less than \$500; 78 per cent. less than \$750 and 95 per cent. less than \$1,000 per year. Of the 1,143 female workers employed in the same industry 17 per cent. were earning under \$250, 96 per cent. under \$500 and 99 per cent. under \$750.³

A typical Chicago slaughter-house in 1912 paid 82 per cent. of its employes less than 20 cents an hour. This company worked their men on the average of 37½ hours in the week, and this gave the 55 per cent. of the men who averaged 17 cents an hour, an income of \$6.37 a week.⁴

From reports compiled by the different State Bureaus of Labour, Nearing found the following percentages of wages during the years 1911-12:

State	Year	Per Cent Earned Less Than \$500	Per Cent Earned Less Than \$750
California	1911	7.7	80
Iowa	1912-18	12.	61
Massachusetts	1912	28.	67
New Jersey	1911	36.	71
Oklahoma	1911	17.	68 ⁵

In 1913 Nearing in his book, "Financing The Wage Earner's

¹ Report on The Strike of Textile Workers in Lawrence, Massachusetts, Charles P. Neill, Senate Document 870, 62nd Session, 1912, p 74

² Income, p 93.

³ Annual Report of the Dept. of Labour, Oklahoma, 1911-12 p 232.

⁴ The Casual Labourer, p 116.

⁵ Income, p 100.

Family" (p. 97), concluded from his examination of numerous reports and wage studies that:

"The available data indicate that a man, wife and three children under fourteen cannot maintain a fair standard of living in the industrial towns of Eastern United States on an amount less than \$700 a year in the Southern, and \$750 in the Northern States. In the large cities where rents are higher, this amount must be increased by at least \$100."

A joint investigation carried on during that year by the Consumers' League of Eastern Pennsylvania and the Department of Labour and Industry of that State, showed that the wages of women in Philadelphia department stores were as follows: 16.5 per cent. received less than \$5 per week, 63.8 per cent. more earned between \$5 and \$10 and only 3.2 per cent. received \$15 or over per week.

1914

The year following Prof. J. H. Hollander, of Johns Hopkins' University, estimated:

"That in order to maintain a decent standard of living in the United States for an average family of five, an annual income of \$600 to \$700 is insufficient; that \$700 to \$800 requires exceptional management and escape from extraordinary disbursements consequent upon illness or death; and that \$825 permits the maintenance of a fairly proper standard."¹

An even higher estimate during the same year (1914) was set by the Bureau of Personal Service of the Board of Estimate and Apportionment of New York City, which declared \$845 as the least minimum of subsistence for families of unskilled labourers in that city. The New York Factory Investigating Commission declared that \$876 was the lowest minimum wage possible for the year 1914.

The actual earnings during this period were found by the

¹ J. H. Hollander, *The Abolition of Poverty* p. 9.

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Pennsylvania Department of Labour and Industry in a study of over 20,000 industrial establishments to have averaged \$720 a year or \$14.40 a week for all males—quite below the minimum standard set. The average annual wage for all females was \$335, or slightly over \$6 a week.

The total amount paid in wages in the States of Massachusetts and Pennsylvania in the year 1914 amounted to \$869,262,517. The number of employes in these two States was 1,531,176 and the average wage per worker amounted to \$568 per year.¹ The New York State Industrial Commission, which in that year began to compile figures of nearly 600,000 factory and office workers, found that the average weekly wage for the last six months of 1914 amounted to \$12.48, which would give an annual wage of \$648.96 if employed fifty-two weeks in the year.

In 1915 Lauck and Sydenstricker after a comprehensive study of wages and costs of living stated that four-fifths of the heads of families obtained less than \$800 per year, while two-thirds of the female wage-earners were paid less than \$400 per year. According to a statement of the Chamber of Commerce of Akron, Ohio, the 30,511 workers engaged in the rubber industry in that city received an average annual wage of \$628 during the year of 1915.² In the same year the Pennsylvania Department of Internal Affairs, which keeps records of the total payroll amounts and the number of workers employed in that State, found that the average weekly wage per wage-earner (exclusive of salaried and office workers) amounted to \$581.68. The New York Industrial Commission gave the average weekly wage received in that State during the year 1915 as \$12.85, or \$668.20 per year. The Final Report of the Commission on Industrial Relations declared that it is certain that at least one-third and possibly one-half of the families of wage-earners employed in manufacturing and mining earn in the course of

¹ David Friday, *Profits, Wages and Prices*, p 102, 1920.

² *Ibid* p 105.

the year, less than enough to support them in anything like a comfortable and decent condition.¹

The weekly wages received during the year 1915 throughout the United States in the various industries, have been compiled by the Bureau of Applied Economics from the published surveys of the United States Bureau of Labour Statistics. These were found as follows in the different industries: ²

Industry	Per Capita Earnings Per Week—1915
Boots and Shoes.....	\$12.12
Cotton Finishing	10.54
Cotton Manufacturing	8.81
Hosiery and Underwear	7.75
Iron and Steel.....	11.76
Men's Ready-made Clothing.....	11.92
Silk Manufacturing	8.99
Woolen Manufacturing	9.70
Car Building and Repairing.....	18.20
Cigar Manufacturing	9.33
Automobile Manufacturing	17.23
Leather Manufacturing	11.76
Paper Making	18.20

An analysis of the standard of living in the District of Columbia by Professor Ogburn, for the Bureau of Labour Statistics in 1916, led him to conclude that:

"An average family of man, wife and three children, of ages four, six and eight years, in the District of Columbia in 1916 was in debt if the annual income was less than \$1,155."³

During 1915-16 the average daily wage for males in many Pennsylvania establishments reported by the Department of Labour and Industry as working on war contracts was found to be only slightly higher in 1916 than in 1914, \$2.76 in the latter year as against \$2.40 in 1914. For females the rise reported was from \$1.11 to \$1.30. The average daily wage of males engaged in public service industries, such as street and

¹ Senate Document No 415, 64th Cong. August 23, 1915, p 22.

² Wages in Various Industries, 1919, p 60, Bureau of Applied Economics, Wash.

³ Quarterly Publication of the American Statistical Assn. June 1919, p 51 (v. 16, p 389).

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steam railways, etc., was \$2.55.¹ The average wage received by all wage-earners in Pennsylvania as given by the Department of Internal Affairs was \$737.96 in the year 1916. Salaried and office workers were not included in this tabulation. In the rubber industry of Akron, Ohio, the average annual wage according to the Chamber of Commerce of that city amounted to \$759 in 1916. The wages for that year as found by the New York State Industrial Commission were very similar. The average weekly wage was \$14.43, or, if employed for fifty-two weeks in the year, \$750.36 per year.

WAR CHANGES IN WAGES AND COSTS OF LIVING

The year 1914 may be considered a landmark for both wages and costs of living. Since then money wages have increased in all industries. Even greater, however, has been the rise in the cost of living. Standards of living in terms of money wages need therefore considerable adjustment, and a revaluation in purchasing power. According to the Pennsylvania Health Insurance Commission, the standard "minimum of subsistence" budgets, estimated in 1914 as \$845 by the Bureau of Personal Service of the Board of Estimate and Apportionment of New York City for unskilled labourers' families; \$875, the estimate made by the New York Factory Investigation Commission in 1914, and \$900, the estimate by Dr. Chapin for a family of five in 1907, became in June, 1918, \$1,320, \$1,360 and \$1,390 respectively. Similar estimates for 1918 were made by the Commission of the Interchurch World Movement in its Report on the Steel Strike.

The Philadelphia Bureau of Municipal Research stated in December, 1917, that the necessary minimum cost of healthful living for a family of two adults and three children was \$1,200 a year. But in the autumn of 1918 it found \$1,636.79 as necessary for a similar standard of living.

In November, 1918, the United States Bureau of Labour Sta-

¹ Pennsylvania Health Insurance Commission Report, p 91.

tistics estimated that the minimum necessary for subsistence for an average family in a large eastern city was about \$1,500. In the same year, the National War Labour Board drew up a "minimum comfort" budget which amounted to \$1,760 per year for a family of five.¹

It is interesting to note, that the above estimates regarding the minimum budget necessary for subsistence, although showing some variation as would be expected, do not show considerable differences. However, in 1918 the United States Bureau of Labour Statistics made an investigation of the budgets of working families in a number of cities. The average actual expenditures of these families per year in the different cities investigated follow:

AVERAGE ACTUAL FAMILY EXPENDITURES IN VARIOUS CITIES

City	Number of Families Investigated	Average Persons in Family	Total Average Yearly Expense Per Family
Baltimore (white)	195	4.8	\$1,260.96
Boston	407	5.3	1,438.18
Bridgeport, Conn.....	143	4.6	1,540.24
Buffalo	256	4.6	1,460.00
Chambersburg, Pa.....	77	4.9	1,241.90
Dover, N. J.....	74	5.3	1,608.92
Fall River, Mass.....	158	5.4	1,320.84
Johnstown, N. Y.....	78	4.5	1,308.51
Lawrence, Mass.....	109	5.3	1,504.67
Manchester, N. H.....	112	5.2	1,370.83
Newark	147	4.7	1,445.41
New York	518	4.9	1,525.66
Philadelphia and Camden, N. J..	301	4.9	1,469.40
Pittsburgh, Pa. (white).....	254	5.1	1,412.10
Portland, Me.....	97	4.9	1,412.84
Providence, R. I.....	158	5.3	1,303.18
Rutland, Vt.....	80	5.1	1,264.29
Scranton	151	5.2	1,344.99
Syracuse, N. Y.....	158	4.9	1,407.03
Trenton, N. J.....	100	4.4	1,418.50
Westfield, Mass.....	74	5.2	1,494.84
Wilmington, Del.....	98	4.6	1,640.50

In summarizing the data, the Bureau found that of 12,096

¹ Ibid p 94.

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white families investigated in 92 industrial centres scattered throughout the country comprising 4.9 average persons, the average yearly expenses per family was \$1,484.36 in 1918.¹

In 1918 investigations of the Pennsylvania Commission on Health Insurance the following data are given:

"In the Philadelphia Survey which covered 1,850 families in seven districts in Philadelphia the average family income was but \$21.60 a week, and almost a third of these families contained over five persons, the normal standard."

"In the Visiting Nurse Study, 80.6 per cent. of the 438 families had incomes of less than \$30.00 a week. In the Sickness and Dependency Study 94.3 per cent. of the families had incomes of less than this amount."

"Wages for women, proverbially lower than those for men, proved in the Working Women's study to be in 98.1 per cent. of the cases under \$25.00 a week; in 92 per cent. of the cases, under \$20.00."

"In the Pittsburgh Factory Investigation, made in August–November, 1918, covering the work places of over 9,000 women, it was found that in 70 per cent. of the operations the wages were between \$5.00 and \$15.00 per week. In only two processes were the weekly wages over \$25.00."

"In a study made by the Consumers' League in New York in 1916-17 among 417 women working in steam laundries, it was found that 78.3 per cent. earned less than \$10.00 a week, and almost half earned less than \$8.00."

"The Kensington Survey, which covered the most representative industrial group, showed that more than half—56.6 per cent. of the 608 families had incomes under \$30 a week, 42 per cent. were living on less than \$25.00 a week."²

From July 1st, 1914, to April 1st, 1918, the wholesale prices of 46 essential commodities given in Bradstreet's showed a rise of 115 per cent. According to the Bureau of Labour Statistics, its study of the increase in the cost of living

¹ Labour Review, August 1919, p 118.

² Health Insurance Report pp 91-92.

in shipbuilding centres in 1918, showed that the cost of living for white families had risen 67.17 per cent. in August, 1918, over the cost in December, 1914, in Philadelphia; in New York it was 62.07 per cent. in December, 1918, over December, 1914.

While the cost of living and prices have thus increased from 60 to 115 per cent., a study of the rise in wages made by H. S. Hanna and W. J. Lauck, led them to conclude:¹

"That the rise in wages between 1914-15 and December, 1917, or January, 1918, was only 18 per cent. for anthracite miners; 26 per cent. for machinists in the Philadelphia Navy Yard; 30 per cent. for bituminous miners working by hand, and 34, 36 and 37 per cent, respectively for shipbuilders, and pipe fitters in the Philadelphia Navy Yard. The rise in the building trades was 12 to 20 per cent. The wages in some industries had actually decreased, while some remained stationary."

The Thirty-third Annual Report of Massachusetts on Statistics of Manufacture states that during the year 1918 the total disbursements in wages paid to labour amounted to \$679,401,273. When compared with the year 1913 the increase in the total wages disbursed amounted to 93.4 per cent. However, the average yearly earnings for all wage-earners without distinction as to age, sex or skill which in 1917 were \$758.23 per capita, rose only to \$944.65 per capita in 1918. Compared with 1913, when the per capita wage in manufacturing industries was \$569.43, the increase amounts to 65.9 per cent.² During the year 1918, the average wage in Pennsylvania was \$1,213.54. In the rubber industries in Akron, Ohio, it was \$1,173 and in New York State \$1,058.20—quite far below the actual family expenditures during that year as found by the United States Bureau of Labour Statistics in the different cities.

The Administrative Committee of the National Catholic War Council in its Social Reconstruction Program in 1919 reached

¹ Wages and The War, p 6.

² Thirty-Third Annual Report, Statistics of Manufactures, p 11, 1920.

the conclusion that the average rate of pay has not increased as fast as the cost of living. That this conclusion is fully justified and that a considerable number of wage-earners, both men and women, have not been receiving what is generally considered a living wage, even during the time when money wages were at their highest peak, is clearly indicated by the following recent investigations, which throw some additional light upon the continuous chase and struggle between increased prices and increased earning power.

In 1919, the National Industrial Conference Board, an organization composed of employers of labour, in an investigation of the cost of maintaining a minimum standard of living for a representative wage-earner's family of five, reached the conclusion that in Lawrence, Massachusetts, in order to maintain the lowest standard, \$1,385.79 was required or an average weekly income of \$26.65 the year around. A more liberal standard, which would make no provision for savings except such as were secured through insurance, was found to require a yearly expenditure of \$1,658.04, or a steady income of \$31.88 per week.¹

In August, 1919, the United States Bureau of Labour Statistics in a study of budgets of government employes' families in Washington, D. C., set the standard necessary for the maintenance of a family of five in that city at \$2,262.47.

The extent to which wages have increased during the same period is significant. The National Industrial Conference Board has recently published a report analyzing the wage changes in several important industries from 1914 to 1919. The average weekly earnings of male employes in the specified industries from 1914 to 1919 follow.²

The figures in several instances show actual decreases between September, 1918, and March, 1919, and not a single group earned the minimum wage necessary for the support of

¹ War Time Changes in Wages, Sept, 1914, March 1919, National Industrial Conference Board 1919.

² The Cost of Living Among Wage-Earners, Lawrence, Massachusetts, 1919; National Industrial Conference Board, Boston.

Industry	Sept. 1914	Sept. 1915	Sept. 1916	Sept. 1917	Sept. 1918	March 1919
Boots and Shoes.....	\$14.70	\$15.33	\$16.50	\$19.36	\$24.04	\$25.90
Chemical Mfg.....	12.85	13.26	16.10	20.50	26.80	26.20
Cotton Mfg.....	10.00	10.05	11.85	14.32	20.60	17.10
Metal Mfg.....	13.18	14.90	17.23	20.09	26.80	24.75
Paper Mfg.....	12.75	12.75	15.03	19.03	22.40	22.40
Rubber Mfg.....	14.00	14.95	18.60	22.80	22.60	20.25
Silk Mfg.....	11.77	12.66	14.10	15.50	21.54	22.69
Wool Mfg.....	11.52	11.05	13.51	16.97	23.21	18.61

a family with the most necessary comfort as conservatively estimated by the employers' organization itself.

Early in 1919 the United States Bureau of Labour Statistics conducted extensive wage studies in a number of industries throughout the country. Some of its findings are presented here:¹

AVERAGE ACTUAL EARNINGS IN VARIOUS INDUSTRIES IN 1919

Industry and Occupation	Average Actual Earnings Per Week for Male Employés	Average Actual Earnings Per Week for Female Employés
Paper Box Mfg.....	\$19.40	\$11.05
Women's Clothing Mfg..	35.11	15.95
Confectionery Mfg.....	18.45	10.06
Overall Mfg.....	25.02	12.06
Cigar Industry.....	20.84	15.54
Men's Clothing Industry.	24.79	14.75
Hosiery and Underwear	20.80	12.98
Silk Mfg.....	22.79	15.29
Brick Mfg.....	20.00	....
Chemicals Mfg.....	20.90	12.35
Glass Mfg.....	22.66	19.38
Leather Mfg.....	26.03	13.40
Paper and Pulp.....	26.47	13.44
Pottery Mfg.....	26.60	13.37
Rubber Mfg.....	27.04	14.95
Automobile Mfg.....	25.87	16.98
Car Mfg.....	26.79	....
Elect'l Apparatus Mfg.	25.53	15.90
Foundry Mfg.....	26.28	12.66
Machine Mfg.....	26.95	12.90
Machine Tool Mfg.....	26.74	16.62
Typewriter Mfg.....	26.77	14.67

¹ Labour Review, April 1920, p 100-104; March 1920, p 33-36; Feb. 1920, p 106-113; May 1920, p 92-107; and June 1920, p 82-84.

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It is of interest to note that the above figures show that a living wage was obtained in only one industry—the Women's Clothing industry—which is now thoroughly organized, and which only a few years ago was one of the most under-paid industries.

The 1919 Industrial Survey made by the United States Bureau of Labour Statistics covered 2,365 establishments, 28 industries scattered through 43 States, 780 different occupations, including a total of 404,758 employés. These investigations¹ disclosed that of the 318,946 men workers, 151,725, or 47.5 per cent., earned less than 50 cents an hour. As the average number of hours per day was found to have been 7.6, at least half of the male workers earned less than \$22.80 per week. The average weekly wage for all was \$25.58.

In the case of the women workers, of the 85,812 persons investigated, 47,917, or 54.75, earned less than 30 cents per hour. The average number of hours here was 7.5 per day, which means that more than half of the female workers earned less than \$13.50 per week. The average weekly wage for all was \$13.54.

The 1919 minimum wage standards for women workers in the States that have established such were as follows: District of Columbia (mercantile trade) \$16.50; California \$13.50; Washington \$13.20; Massachusetts (candy occupations) \$12.50; and Kansas \$11.00. In 1918-1919, the wage investigations of the Massachusetts Minimum Wage Commission showed that from 57 to 98 per cent. of the women workers investigated in five industries in that State earned less than \$11.00 per week. In New York the minimum weekly budget set for a single working woman in 1919 was \$16.13. Studies of 500 working girls chosen at random by the New York State and City Consumers' Leagues early in 1920 showed that 443 or 88 per cent. of the girls investigated received less than \$16.00 per week. In spite

¹ Industrial Survey in Selected Industries in the United States in 1919, Bulletin No 265, p 37-38, May 1920. United States Bureau of Labour Statistics.

of the increased cost of living in 1919, 29 per cent. of the women investigated reported no wage increase during the same year.¹

In the same year despite the minimum wages established, the United States Bureau of Labour Statistics found the following weekly earnings of women from pay-rolls:²

Industry	Average Weekly Earnings
Glass	\$10.12
Confectionery	10.23
Paper Boxes	10.89
Overalls	12.26
Hosiery and Underwear	13.04

That women workers frequently work for less than the amount necessary for their maintenance has recently been revealed from an investigation carried on in 1920 by the Industrial Welfare Commission of Texas. The Commission investigated 2,028 women in 40 cities in Texas. The figures were sworn to and represent actual expenditures on maintenance and not estimates. A study was also made of the weekly wages of 18,811 employes as furnished by employers in these 40 cities. The results are given as follows:³

Industry	Cost of Living Per Week	Average Wages Per Week
Telephone	\$14.14	\$12.81
Mercantile	15.44	12.98
Laundry	18.78	9.89
Factory	14.65	11.52
Average	<u>\$14.78</u>	<u>\$11.98</u>

In December, 1919, the Bureau of Labour Statistics published a complete study of wages and hours of labour in the coal-mining industry as found in the early part of that year. This study included 551,646 workers throughout the United States. The

¹ Women's Wages Today, Feb. 1920. Consumer's League of N. Y. State & N. Y. City.

² Current Facts, Jan. 1921, National Consumers' League, New York.

³ Labour Review, Dec. 1920, pp 72-73.

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actual earnings of these miners in the bituminous fields as studied during one-half-month pay-roll by States' is given as follows:¹

AVERAGE ACTUAL EARNINGS IN BITUMINOUS MINES IN ONE-HALF MONTH PAY-ROLL PERIOD BY STATES

State	Hand Miners	Machine Miners	Loaders
Alabama	\$40.41	....	\$45.88
Colorado	47.42	\$78.78	50.65
Illinois	47.72	61.02	51.08
Indiana	36.47	55.79	40.02
Iowa	48.87	52.55	84.17
Kansas	42.75	....	....
Kentucky	34.89	58.62	40.42
Maryland	50.57	....	....
Missouri	36.42	48.27	42.86
New Mexico	52.12	36.45	50.80
Ohio	63.56	86.86	58.40
Oklahoma	53.82	50.66	48.53
Pennsylvania	57.49	72.02	55.21
Tennessee	34.08	26.25	33.86
Utah	57.66	92.07	57.95
Virginia .....	....	52.66	38.98
West Virginia.....	52.58	71.90	47.53
Wyoming	57.09	....	45.85
Total	<u>\$47.12</u>	<u>\$67.58</u>	<u>\$50.51</u>

In the case of the anthracite miners, the average earnings made in one-half month pay-roll period in 1919 are given as follows: Inside occupations averaged \$65.17 while those engaged in outside occupations averaged \$55.37 per two weeks' pay roll.² The figures presented by the operators to the Coal Commission in 1920, and which were greatly disputed by the representatives of the miners, showed that the average wage of 68,416 miners examined in 1918 was \$1,422, but declined to \$1,234.44 in 1919. The miners presented figures of much lower averages.

The Bureau of Labour Statistics also keeps records of the changes in union wage scales. The year 1913 is taken as the basis of the index and set at 100. Accordingly the rates of wages per full-time week are presented as follows:³

¹ Labour Review, Dec. 1919, pp 207-229.

² Ibid, Dec. 1919, pp 207-229.

³ Ibid, March 1921, pp 64.

FACING OLD AGE

1913	100
1914	103
1915	103
1916	106
1917	113
1918	130
1919	148
1920	189

Further compilations of increases in union rates of pay per hour from 1914 to 1919 in the building trades in about 30 cities in the United States were made by the Bureau of Applied Economics.¹ The increases received as given by the international unions concerned were as follows:

INCREASE IN UNION RATE OF PAY FOR THE BUILDING TRADES

Occupation	Percent of Increase from 1914 to 1919
Bricklayers	80.9
Carpenters	53.9
Cement Workers and Finishers	36.3
Inside Wiremen	51.4
Painters	60.8
Plasterers	52.2
Plumbers	50.0
Sheet Metal Workers	56.2
Steam Fitters	51.6
Structural Iron Workers	51.7

In the case of the dress and waist industry the increase in wage rates amounted to 52.8 per cent. from 1916 to 1919,² while in the case of linotype operators the increase from 1914 to 1919 constituted only 24.2 per cent. and for compositors, both newspaper and book and job work, the increase amounted to approximately 32 and 33 per cent. respectively.³

The Interchurch World Movement Report on the Steel Strike concludes that:

"The annual earnings of over one-third of all productive iron and steel workers were, and had been for years, below the level set

¹ Wages in Various Industries, p 13, 1919, Bureau of Applied Economics.

² Ibid, p 30.

³ Ibid, pp 47-48.

by government experts as the minimum of subsistence standard for families of five.

"The annual earnings of 72 per cent. of all workers were, and had been for years, below the level set by government experts as the minimum of comfort level for families of five.

"This second standard being the lowest which scientists are willing to term an 'American standard of living,' it follows that nearly three-quarters of steel workers could not earn enough for an American standard of living. The bulk of unskilled steel labour earned less than enough for the average family's minimum subsistence; the bulk of semi-skilled labour earned less than enough for the average family's minimum comfort.

"In 1918 the unskilled worker's annual earnings were more than \$121 below the minimum of subsistence level and more than \$495 below the 'American standard of living' for families.

"In 1919 the unskilled worker's annual earnings were more than \$109 below the minimum of subsistence level and more than \$558 below the 'American standard of living.'" ¹

In January, 1920, Professor Ogburn presented to the Bituminous Coal Commission a minimum budget necessary for a miner's family, at \$2,118.94 a year. About the same time the United States Bureau of Labour Statistics, at the request of the Bituminous Coal Commission, in a study of a number of mining towns in Pennsylvania, West Virginia, Ohio, Indiana, and Illinois found the budget varying from \$2,044.39 to \$2,162.65. According to the same bureau the index of wholesale prices for all commodities when taken at 100 for January, 1913, had risen to 272 in May, 1920, an increase of almost 200 per cent.

On the basis of these budgets and increase in prices, Mr. W. Jett Lauck, declared in May, 1920, before the United States Railway Labour Board that "not a penny less than \$2,500 a year was the minimum necessary for a family of five to maintain itself, even in decent poverty."

¹ The Steel Strike of 1919, Commission of Inquiry Interchurch World Movement, pp 12-13, 14.

The National Industrial Conference Board declared some time ago that the cost of living of American wage-earners has increased 104.5 per cent. between July, 1914, and July, 1920.¹ The United States Bureau of Labour Statistics states that its investigations in a number of industrial centres show that the prices of the essential items making up the family budget have increased from December, 1914, to June, 1920, as shown in the following table:²

Baltimore	114.8
Boston	110.7
Buffalo	121.5
Chicago	114.6
Cleveland	116.8
Detroit	126.0
Houston	112.2
Jacksonville	116.5
Los Angeles	101.7
Mobile	107.0
New York City.....	119.2
Norfolk	122.2
Philadelphia	118.5
Portland, Maine	107.6
Portland, Oregon	100.4
San Francisco and Oakland.....	96.0
Savannah	109.4
Seattle	110.5
Average of All Cities.....	112.7

Thus taking the various estimates into consideration, it would seem most conservative to state that during the first six months of 1920, at which time prices reached their peak, it required at least between \$1,800 and \$2,000 a year, or approximately between \$35 and \$40 a week the year round to support a family of five with the necessities of life.

In view of this it may be of value to examine a few more wage statistics collected during the year 1920.

In a recent report issued by the New York City Board of Estimate and Apportionment the comparative rates of wages paid

¹ Changes in The Cost of Living, National Industrial Conference Board Report No. 30 Sept. 1920, p 26.

² Labour Review, September 1920, pp 75-80.

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by New York City are given from January 1, 1916, to January 1, 1920. Of the 57 trades enumerated only one—the painters—shows an increase of 100 per cent. in four years. In 25 more trades the increase amounts to 50 per cent. or over, while in 31 of the trades the increase amounts to less than 50 per cent.

The Massachusetts Commission on Necessaries of Life found that in July, 1920, the cost of living in Massachusetts when based on corresponding prices in 1913, had increased 102.6 per cent.¹ At the same time a comparison of the hourly rates of wages in 213 trades in Boston at the close of June, 1914, with those at the close of June in 1920, showed that the average hourly rates in these trades had increased only 83.5 per cent. during the six-year period.² It must be noted, however, that in many of these trades there was found a reduction in the basic number of hours worked per week, with a consequent reduction in the weekly rates of wages. When these were taken into consideration, the Massachusetts Department of Labour and Industries found that the average weekly wages had actually increased only 72.7 per cent. as against 99.7 per cent. increase in the cost of living during the same period.

The October, 1920, Review published by the United States Bureau of Labour Statistics presents a detailed study of the union scales of hourly wage rates throughout the country. These cover many industries and the rates of wages paid are given for each year from 1918 to 1920. A comparison of the hourly wage rates paid in May, 1914, and May, 1920, in the 18 cities for which the rise in the cost of living has been given on the preceding page is herewith presented.³

In March, 1920, the respective earnings of anthracite miners, including both inside and outside occupations during one-half month pay-roll were \$68.56 and \$55.81.⁴

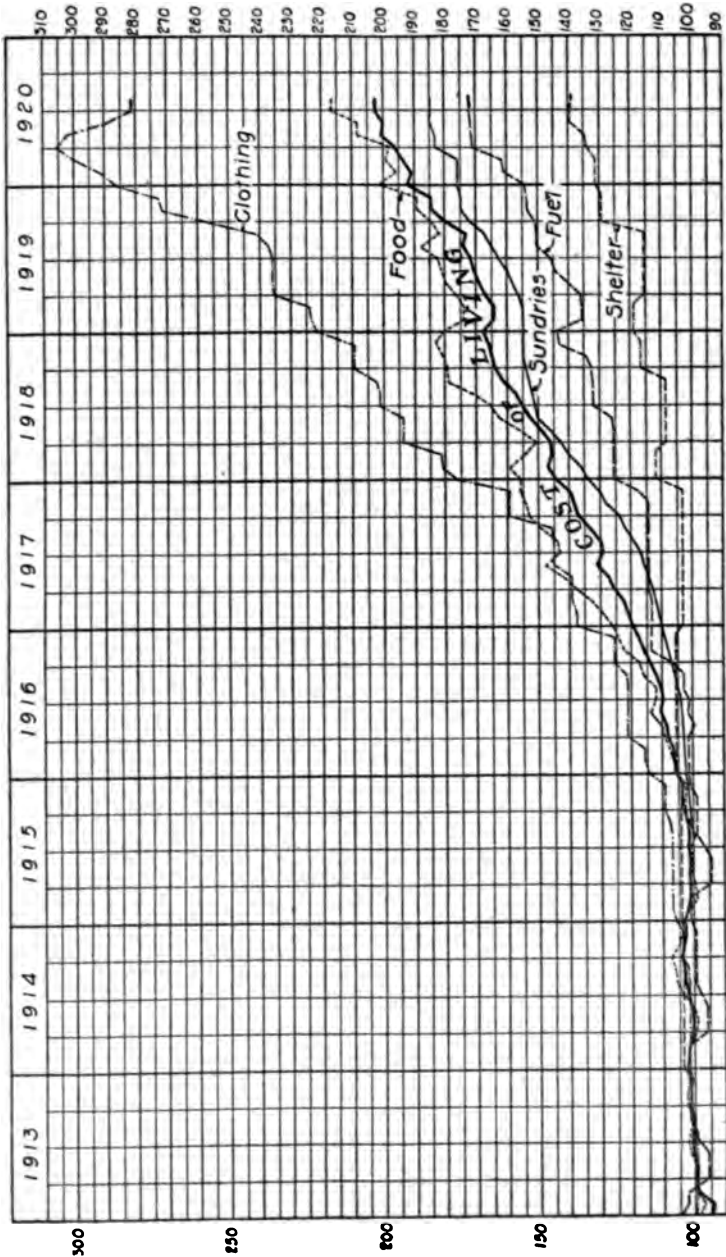
¹ Report of Special Commission on The Necessaries of Life, July 31, 1920, p 6.

² Massachusetts Industrial Review, Vol. 1, No. 2, p 4, July 1920.

³ Monthly Labour Review, Oct. 1920, pp 79-92.

⁴ Labour Review, Dec. 1919, pp 207-229.

RISE OF THE COST OF LIVING IN MASSACHUSETTS AS FOUND BY THE MASS. COMMISSION ON THE NECESSITIES OF LIFE.



INDICES - MAJOR ELEMENTS, COST OF LIVING

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Occupation	Percent Increase from May, 1914, to May, 1920
Blacksmiths	102.2
Boilermakers	112.2
Bricklayers	69.0
Building Labourers	136.2
Carpenters	94.5
Cement Finishers	84.8
Compositors, Book and Job.....	87.6
Compositors, Newspapers	57.0
Electrotypers, Finishers	79.3
Electrotypers, Molders	78.8
Granite Cutters	92.0
Hod Carriers	128.7
Inside Wiremen	98.8
Linotype Operators, Book and Job.....	63.9
Linotype Operators, Newspapers	54.0
Machinists	112.4
Molders, Iron	180.6
Painters	106.6
Plasterers	70.2
Plasterer's Labourers	106.2
Plumbers	70.5
Sheet-Metal Workers	95.5
Stone Cutters	84.7
Structural Iron Workers	79.0
Average of All Trades	99.7

The average monthly wages of male farm labourers in the United States are given by the United States Bureau of Labour Statistics as follows, for the years from 1913 to 1920 inclusive:¹

Year	With Board	Without Board
1913.....	\$21.88	\$30.81
1914.....	21.06	29.88
1915.....	21.26	30.15
1916.....	23.26	32.83
1917.....	28.87	40.48
1918.....	34.92	48.80
1919.....	39.62	56.29
1920.....	46.86	64.95

In a recent report published by the United States Labour Board² a comparison of the average daily and monthly earn-

¹ Labour Review, March 1921, p 85.

² Average daily and monthly Wage Rates of Railroad Employés on Class I Carriers, Wage Series Report I, Aug.

ings of all classes of railroad employes is presented: (1) as of December, 1917 (under private control); (2) January, 1920 (under the United States Railroad Administration); and (3) July, 1920 (under the last decision of the United States Labour Board). The number of employes and the actual wages earned are as follows:

MONTHLY EARNINGS OF RAILROAD
WORKERS, DEC. 1917—JULY 1920.

	No. of Employés	Av. Wage, Dec. 1917	Av. Wage, Jan. 1920	Av. Wage, July 1920
Supervisory Forces.....	12,684	\$148.57	\$230.21	\$259.08
Clerical and Station Forces...	854,400	66.04	98.53	121.89
Maintenance of Way and Un- skilled Labour Forces.....	583,625	54.92	84.06	103.53
Shop Employés	455,776	89.87	128.64	154.78
Telegraphers, Telephones and Agents	77,646	67.57	115.87	135.66
Engine Service Employés.....	136,952	124.52	180.98	218.80
Train Service Employés.....	189,905	106.66	160.07	199.52
Stationary Engineers and Firemen	8,000	55.59	97.00	122.40
Signal Department Employés.	7,000	84.15	130.27	155.77
Marine Department Employés.	834	127.65	166.01	194.46
Grand Total	1,828,772	\$77.98	\$115.82	\$141.28

The average weekly wage of factory workers in New York State, reported by the New York State Industrial Commission, amounted to \$24.41 per week in October, 1919; \$27.87 in April, and \$28.73 in September, 1920—nearly \$10 per week less than was conservatively considered the minimum necessary for the maintenance of an American standard of living.

Taking the most conservative estimate given for 1919 as that of \$1,500, which means \$28.85 per week or practically \$5 a day every working day in the year as the minimum wage necessary to maintain John Doe, his wife and the three little Does, the "Survey"¹ gives the following analysis of the meaning of this wage, which shows the relationship of insufficient wages and dependency in the clearest possible manner:

¹ The Survey, March 27, 1920, pp 801-802.

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"Suppose John Doe pays \$3.50 weekly for rent—certainly not a high rate; at least \$13.00 will be required for food—an allowance adequate only with the most careful management on the part of Mrs. Doe. For clothing at least \$6.75 weekly will be needed; light and fuel with only the kitchen stove will cost at least \$1.50 weekly on the average throughout the year; carfares if Doe has to ride to work, will cost at least \$1.20 weekly; miscellaneous articles for the household \$1.15, a total of \$27.10. This leaves a balance of \$1.75 for church, newspapers, ice-cream cones, hair-cuts, etc., for five persons; and the list will probably include insurance as well, for most families like the Does will buy industrial insurance.

"If everything goes on smoothly, and if Mrs. Doe is a careful planner, it may be possible for the Does to get on with this budget. The allowance for food and clothing is scant, however; the margin for recreation and sundries is painfully small, and there is no provision for accident or sickness. But suppose a small accident occurs, or a sudden need arises—the kitchen stove gives out and a new one is necessary; the winter snow comes and several pairs of shoes must be purchased in one week and Doe himself must have an overcoat! The temptation becomes overwhelming to turn to the ever-ready credit companies and mortgage the future for the relief of the present. It is fairly well understood that the credit companies offer goods which, if of good quality, are sold at high prices, and that trading with them is conducive to extravagant purchases; and yet it is hard to see how many families like the Does would manage an extra expenditure of \$25.00 or more were it not for some such expedient. As a matter of fact, there are comparatively few of the families coming for the first time to the charities for assistance, who are not involved in some way with credit companies or are not struggling to meet weekly payments on debts.

"Now suppose a real calamity befalls the Does; for example, little John falls ill, showing signs of tubercular infection. Any margin after such expenses as are noted above will not go far in securing the attendance of the private physician, although the family we are considering is one which should be independent; if they

seek free medical service they make their first appeal to charity—and then, too, expenses presently increase. Carfares for mother and Johnnie to the dispensary are forty cents a trip, admission to the clinic ten cents more. Suppose they have to go twice weekly, one dollar is gone. Medicines may easily cost another dollar. The doctor prescribes milk and eggs, oranges, green vegetables, warmer coverings, etc. As a result Mr. John must try to cut down somewhere though cutting seems impossible, and father, mother and the well children all suffer that the invalid may have extra nourishment.

"Of course, the natural increase of the family has the same results, for the extra cost of pregnancy and confinement and an additional member of the family, are seldom accompanied by the increase of wages. Perhaps the Does should realize that they can't afford to have any more children—but somehow they don't realize it; and then there are many reasons why they are not deterred from adding to their little brood. Indeed, are there not certain prevailing notions abroad that it is a work of good citizenship and service to the state for normal people in good health to rear good sized families? Moreover the statistician tells us that 'The average number of children per family which must be born in order that the stock may maintain itself without increase or decrease, is close to four.'

"Those who are not working by the day are apt to overlook certain differences between their lot and that of the lower paid workman on piece work or a daily wage. If the salaried man falls ill or meets with an accident his income as a rule, goes on to a greater or less extent, but with the wage-earner the tendency is otherwise; he is usually paid only when actually at work. In case of accident or occupational disease, workmen's compensation will, it is true, give him two-thirds of his pay; but he has to wait ten days before compensation begins and another week before the first payment comes, and many families haven't even that margin. Moreover, when full wages barely suffice, how long can the family subsist on two-thirds? Sometimes there is a benefit association which assures weekly payments for a time, but often there are no such resources. Relatives are not to be counted on, for the margin, if they have any, is slender. Landlords are less lenient than for-

merly, and grocers are wary of extending credit which tends to become a thing of the past. Under stress, therefore, John Doe's family and others like them are forced, though perhaps much against their will, to the first step towards dependency.

"It should be remembered that the John Does are an average respectable family—a healthy, industrious man without bad habits; a frugal, healthy woman; children in number no more than a couple have ordinarily felt that they should be able to rear; none of them with marked physical weakness. And yet actual experience shows that any one of the accidents to which they are liable often throws such people within a week or two on charity. Moreover, it should be noted that their budget offers no opportunity for savings and that no provision for old age is feasible; such people face at all times the possibility, even the probability, of becoming a burden on the community when their working days are over. Such are the ordinary hazards in the life of a normal family of five living on daily wages of five dollars."

The wage investigations discussed in the preceding pages are significant. It is patent that despite the tremendous increase in wages experienced during the last six years, only a few classes of wage-earners have succeeded in keeping pace with the increased cost of living. In the case of many workers, especially the skilled ones, the purchasing power of their increased wages for a full-time week in 1920 was considerably less than it was in the pre-war days. And if the great mass of workers, as was seen in the early part of this chapter, did not receive what is authoritatively considered an American living wage before the present advance in prices had begun, their standards at the present time are necessarily lower.

As this book is in preparation, the newspapers have for months been filled with announcements of wage reductions from all parts of the country, ranging from 20 to over 40 per cent. No definite estimate of the cost of living at this time (March, 1921) is available.¹ While the Bureau of Labour Statistics

¹ The most recent figures as to what constitutes a minimum "health

reports that the index of wholesale prices in the United States which, when taken at 100 for 1913, reached 272 in May, 1920—its high-water mark—declined to 242 in September, 1920, the latest date for which figures are available, it also states that from September, 1919, to September, 1920, only farm products and clothing witnessed decreases of seven and nine per cent. respectively. "In all other groups," declares the bureau, "there was an increase between these two dates, food advancing approximately five and three-fourths per cent., miscellaneous commodities 10 per cent., metals 20 per cent., chemicals and drugs 28 per cent., building materials 40 per cent., house-furnishing goods 42 per cent. and fuel 57 per cent. in average price. All commodities, considered in the aggregate, increased 10 per cent."¹ *

The significance of the above disclosures needs no further comment. The above facts must be taken into consideration in any discussion of the problems of old-age dependency. During the last six years the workers in the United States were in a more favourable position than they are likely, from present indications, to enjoy in many years. The war years witnessed a period of the most intense industrial activity. Great

and decency budget" for a family of five have just been made public by the Labour Bureau, Inc., New York City. As a result of cost of living surveys conducted in 1921 in New York City and Philadelphia, the above bureau estimates the annual minimum standard necessary for a family of five as \$2,233.99 in New York City, and \$2,338.20 in Philadelphia.

The bureau's estimate is based on the "quantity budget" used by the United States Bureau of Labour Statistics. They estimate that \$698 a year is needed for food, \$398 for clothing, \$443 for rent, \$83 for light and heat, \$59 for household equipment and \$650 for miscellaneous expenses.

"The family is allowed no expenditures for books and magazines," says the bureau's statement, "only one daily paper is included. The doctor's bill cannot exceed \$80 a year for the whole family, and the boy of 12 can get but eight hair-cuts a year. The husband is allowed one-half and the wife one-third of an overcoat each year. The only amusements permitted are an occasional cheap movie show. No allowance is made for a trip or vacation outside the city."

¹ Labour Review, Nov. 1920, p 49.

* Even in December, 1920, according to the bureau, the total cost of living was six-tenths of one per cent. higher than in December, 1919, and only 7.4 per cent. less than in June, 1920—the peak of high prices. (Labour Review, Feb. 1921, p 61).

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numbers of workers were withdrawn into the military service, and immigration was practically suspended. Everywhere there were more jobs than men to fill them. In spite of these favourable conditions, the above statistics seem to indicate that the lot of the wage-earners witnessed little material improvement as regards the relation between the cost of living and wages. The facts available seem to bear out the contention that wages are last to follow the rise in prices and are first to come down when the slump begins. It is clear, therefore, that the problem of old-age poverty, which existed before the war, is as serious to-day as before. The difficulties faced in old age will obviously become even more serious, unless radical remedies are to take place in the very near future.

CHAPTER VII

SOCIO-ECONOMIC AND MORAL CAUSES OF AGED DEPENDENCY

UNEMPLOYMENT

"One of the misfortunes most feared by the labouring class is that of unemployment. 'Why stand ye here all the day idle?—' 'Because no man hath hired us,' presents a picture in Biblical times which has been reproduced in all ages and countries throughout labour's history. The labourer must have shelter, food and clothes for his idle days as well as for other days; but rarely is the rate of wages fixed so as to cover days of enforced rest or absolute loss of employment . . . Non-employment, or loss of employment, therefore, in nearly every wage-earner's career stands as a spectre of forbidding mien, with gaunt finger pointing the way to charity and old age dependency."¹

A brief examination of the extent of unemployment in the United States and to what degree it affects the wage-earner's income is not amiss in this connection. Indeed, unemployment, even though temporary, may seriously impair the average working-man's ability to make provisions for old age. In a study of 5,000 families who applied to the New York Charities for aid, Professor Devine found unemployment as a direct cause of dependency in 69.16 per cent. of the cases. Says Professor Devine:

"From the point of view of the charitable agencies the importance of this subject is indicated by the fact that in two-thirds of the families who come under the care of the Charity Organization

¹ L. W. Squier, *Old Age Dependency in the United States*, pp 29-30 and 86.

Society in industrially normal times one or more wage earners are unemployed at the time of their application for aid. This proportion, as one might have expected, was higher in 1907-1908, after the financial crisis, than in the preceding year, but the difference is not as great as might naturally have been expected. In 1906-1907, sixty-five per cent of the new families who applied for aid had some wage-earner unemployed, either from personal disability or industrial conditions, and in 1907-1908, this was true of seventy-two per cent. This increase from sixty-five per cent to seventy-two per cent. does not represent the full consequences among wage-earners of the changed industrial conditions. No statistics of charitable societies will represent those consequences. It does bring out clearly, however, that even in prosperous times the distress which leads to application for charitable assistance is closely connected with the temporary cutting off of an income which is ordinarily, even if irregularly earned."¹

The 12th Census reported that in the year 1900, of 23,753,836 males 10 years of age and over engaged in gainful occupations, 5,277,472, or 22 per cent., were unemployed at some time during the year; and of 5,319,397 females 10 years of age and over engaged in gainful occupations, 1,241,492, or 23.3 per cent., were unemployed at some time during the year; thus out of a total of 29,073,233 persons 10 years of age and over engaged in gainful occupations 6,468,964, or 22.3 per cent. were unemployed at some time during the year. Over 2,550,000 men and women were out of work from four to six months, while approximately 736,000 were unemployed from seven to twelve months, according to the same Census.

According to the investigations of the United States Bureau of Labour in 1901, of the cost of living of 25,440 families, about half—49.8 per cent., of the heads of the families investigated were idle at some time during the year.²

The Geological Survey Reports show that the bituminous miners from 1890 to 1910 lost from 22 to 43 per cent. of their

¹ E. T. Devine, *Misery and its Causes*, p 117.

² 18th Annual Report of the Commissioner of Labour, p 42.

working time annually, while workers in anthracite mines lost from 23.7 to 50 per cent. of their working time. Data on the unemployment of organized workers in New York State have been collected by the Labour Department of the State for the period 1901-1911. The membership of these unions averaged about 100,000 and the average number unemployed each month was 14,146, or 18.1 per cent. The percentage of unemployed for New York City was even higher.¹

The Census of Manufactures of 1910 showed the percentages of the labour forces regularly employed in the different industries as follows:²

Industries	Percent Actually Employed
Iron and Steel Works and Rolling Mills.....	75.8
Foundry and Machine Shop Products.....	80.7
Lumber and Timber Products.....	87.8
Car Building and Repairs.....	89.1
Woolens, Worsted, and Felt Goods and Wool Hats..	91.0
Tobacco Manufactures	91.6
Clothing, Men's, Including Shirts.....	91.8
Boots and Shoes	91.8
Printing and Publishing.....	93.8
Cotton Goods	97.6

The New York State Commission on Employers' Liability and Unemployment after investigating the extent of unemployment in the State of New York in 1910 concluded that from the facts ascertained:

"We base our statement that at all times of the year in every industrial centre of the State able-bodied men are forced to remain idle though willing to work. On any given day during the year, at least 3 per cent. of our wage-earners are involuntarily idle. Usually there are 10 per cent. These idle men must always be on hand to meet the fluctuating demands of the industries of the State.

"Summarizing the data at our command, we should say that in ordinary years of business prosperity, taking all industries into

¹ Francis A. Kellor, *Out of Work*, pp 20-23.

² Abstract of Statistics of Manufactures of the U. S. 1910, p 22.

consideration, out of every 100 persons, 60 will be steadily employed, 40 will be working irregularly. Of those who have irregular employment 3 will always be out of work. The percentages vary with the different industries, but the experience is characteristic of every industry.

"While there is little accurate information available as to the exact number of unemployed at any one time, there is enough to show that about 40 per cent. of our wage-earners suffer some unemployment every year, that on the average they lose ten weeks each, and that the loss in wages amounts to 20 per cent. of what the earnings would be, were employment steady throughout the year."¹

I. M. Rubinow, in commenting upon the significance of the unemployment figures of 1900, declared:

"Over one-half of these 6,500,000 and possibly three fourths of them suffered from unemployment to a degree which could not fail to cause national distress. The total time lost to the productive industries of the country was enormous. An approximate estimate would indicate that during one year over 1,900,000 years of productive labor were lost; or what amounts to the same thing of 29,000,000 gainfully employed, on an average nearly 2,000,000 had been idle throughout the whole year."²

A careful study of unemployment fluctuations was prepared by the Helen S. Trounstone Foundation.³ This survey covers a period of 16 years from 1902 to 1917. The data here were gathered from the United States Censuses of Manufactures, Occupations and Population, the Reports of the United States Geological Survey, the Bureau of Mines, the Interstate Commerce Commission, the United States Commissioner of Education, the United States Bureau of Labour Statistics, the Eight

¹ Wm. M. Leiserson, Unemployment in the State of New York 1911, Appendix No. 1.

² Rubinow, Social Insurance, p 445.

³ Fluctuations in Unemployment in Cities of the United States, 1902 to 1917, Helen S. Trounstone Foundation Vol. I No. 2, May, 1918, Cincinnati.

Hour Commission, and from many State Departments of Labour and State Industrial Commissions.

The following table ¹ summarizes the findings in regard to unemployment fluctuations in occupations other than agriculture:

Year	Normal Supply in Millions	Average No. Un- employed in Millions	Percentage of Unemployed
1902.....	19.5	2.7	14.1
1903.....	20.2	1.9	9.3
1904.....	20.9	2.4	11.5
1905.....	21.6	2.0	9.3
1906.....	22.3	1.2	5.5
1907.....	23.4	1.4	6.0
1908.....	23.9	3.5	14.8
1909.....	24.6	2.1	8.6
1910.....	25.6	1.7	6.5
1911.....	26.1	2.8	10.8
1912.....	26.8	2.6	9.6
1913.....	28.0	2.6	9.3
1914.....	28.6	4.5	15.8
1915.....	29.0	4.6	16.0
1916.....	29.5	2.1	7.1
1917.....	30.2	1.4	4.7
Average.....	....	2.5	9.9

The investigator concludes from the above table that "the number of unemployed in cities of the United States (entirely omitting agricultural labour, for which no reliable data are now available) has fluctuated between 1,000,000 and 6,000,000. The least unemployment occurred in 1906-1907 and in 1916-1917, while the most occurred in 1908 and in 1914 and 1915. The average number of unemployed has been two and a half million workers, or nearly ten per cent. of the active supply."

An analysis of the figures by months shows that the average number of unemployed tends to be greatest in the month of January and least in October.

During the period of the war and immediately following when work was plentiful, the problem of unemployment was not prominent before the public. The past year, however, has witnessed an unprecedented shutting down of mills and shops in the automobile, rubber and textile industries, building trades,

¹ Idem pp 48-49.

railroad construction, and a number of other industries. In many quarters it is authoritatively stated that the depression in employment early in 1921 has been even worse than that experienced in 1907-1908 and just prior to the beginning of the World War.

Early in December, 1920, the United States Department of Labour began the organization of an industrial employment survey of the United States—a service sadly needed for years. The purpose of this employment survey is to collect and disseminate all available information in regard to employment conditions. The first achievement was an unemployment investigation of 182 principal industrial cities and a comparison of industrial employment between January, 1920, and January, 1921.¹ The cities covered were located in thirty-five States and the District of Columbia. The investigations revealed that there were 3,331,352 fewer persons employed in January, 1921, than were employed during January, 1920. Thirty-five and one-half per cent. of the number employed January, 1920, were not employed during the same month the following year. Arranged by industries the percentage of those employed January, 1921, as compared with January, 1920, was as follows:

Industry	Percentage Employed 1921
Metals and Products, Machinery, Electric Goods, Foundry Products	69.5
Building Trades	47.6
Packing and Food Products.....	51.0
Textiles and Products, Clothing, Hosiery and Underwear	64.5
Leather, Its Products, Boots and Shoes.....	65.1
Automobiles and Accessories.....	30.8
Lumber, House Furniture, Boxes & Wood Products	67.8
Clay, Glass, Cement and Stone Products.....	80.7
Total, All Groups.....	64.5

The Massachusetts Department of Labour and Industries reported in the October issue of the Industrial Review, pub-

¹ Industrial Employment Survey Bulletin, No. 1, Jan. 1921, U. S. Employment Service, Washington, D. C.

lished by that Department, that a study of 1,103 labor unions in the principal industries and trades covering a membership of 254,836 in that State showed that 49,063 members, or 19.8 per cent., were unemployed on September 30, 1920. In June, 1920, this percentage was 18.8, while in September, 1919, the percentage of unemployed in these unions constituted only 5.4.

The New York Industrial Commission found that from March to December, 1920, there was a total decrease of 20 per cent. in the number of employés in the New York State factories.¹ The Brooklyn Chamber of Commerce in a statement issued to the press also stated that a survey of conditions in Brooklyn showed that unemployment in the factories and retail establishments of that borough had reached 36 per cent. at the beginning of 1921.

According to the reports compiled by the Pennsylvania Bureau of Employment there were on April 15, 1921, 243,160 persons unemployed in that State.²

In July, 1921, the United States Labour Department estimated the number of unemployed in the country to be 5,735,000.

It is obvious from the preceding that unemployment is always, even in normal industrial conditions, a problem for the wage-earners. Lack of work affects the industrious and thrifty workers as well as the indolent and careless ones, and very often sweeps away the savings accumulation of many years. That unemployment is a potent factor in old-age dependency is patent.

STRIKES

The difficulties encountered in obtaining accurate data upon the exact losses of wage-earners on account of strikes and lock-outs are many. First, there are no complete or official lists of strikes in this country. Secondly, the estimates of the number

¹ Labour Review, February, 1921, p 124.

² Information supplied by the Bureau.

of strikers during any one strike as given by the employers and by the employés are frequently greatly at variance. Then, too, there are times when although a few workers are actually on strike, the number affected is very large. This occurs, for instance, when the strikers are made up of the engineers and firemen of a plant; when they are workers engaged in certain preliminary processes of production without which it is impossible to run the mills. Complete statistics are also impossible of collection because many strikers either return to the mill before the strike is officially settled, or secure other employment. Some of the figures obtained by the United States Department of Labour, however, are significant in this connection.

During the period of twenty-five years, from 1881 to 1905, the Federal Bureau of Labour found that there were 36,757 strikes involving 181,407 establishments, or an average of 4.9 establishments per strike. There were 6,728,048 strikers, or an average of 183 strikers per strike; while there were thrown out of work 8,703,824 employés, or an average of 237 per strike. During this same period there took place 1,546 lockouts involving 18,547 establishments. There were 716,231 employés locked out, or an average of 463 per lockout; while the number of employés who were thrown out of work was 825,510, or an average of 534 per lockout. These figures do not include disturbances of less than one day's duration.

The average duration of strikes per establishment was 25.4 days and of lockouts 84.6 days. The strike or lockout does not, of course, always result in the closing of the establishment affected, but in strikes involving 111,343, 61.38 per cent. of all establishments involved were closed for an average of 20.1 days. In lockouts 12,658, or 68.25 per cent. of all establishments involved, were closed an average of 40.4 days. The days here referred to are calendar days, including Sundays and holidays.

According to the United States Bureau of Labour Statistics, which for the past few years has kept a record of strikes and lockouts that come to its attention, there were in 1916 a total of 3,786 strikes and lockouts in the United States. In 2,600 strikes and 64 lockouts the number of persons involved was 1,546,428 and 53,182 respectively. The total duration of the strikes was 46,264 days and of the lockouts 3,375 days—an average of 22 days and 64 days respectively.

In 1917 there were 4,359 strikes and lockouts involving 1,193,867 and 19,183 respectively in only 2,174 strikes and 46 lockouts for which information was obtained. The total duration of these strikes was 24,076 days and of the lockouts 1,904 days or an average of 18 and 56 days respectively.

In 1918 the total number of strikes and lockouts was 3,285, which involved 1,192,418 and 43,041 persons in only 2,027 strikes and 70 lockouts, for which information was obtained. The total duration of these strikes was 28,386 days and in the case of the lockouts 1,096 days, the average duration of the former being 18 days and of the latter 31 days.

Between April 6, 1917, the date of our entrance into the war, and November 11, 1918, the date of the signing of the armistice, there occurred in the United States, 6,206 strikes and lockouts.¹

During the year 1919 there occurred 3,374 strikes and lockouts. The number of strikers in 2,493 of these totaled 4,112,507.² The end of that year witnessed the greatest strikes in the history of this country. More than 300,000 workers in the iron and steel industry were on strike for several months. Shortly afterward nearly 400,000 bituminous miners went on strike for more than a month. The losses in wages on account of these strikes is, as previously pointed out, difficult to estimate. In the steel strike alone the number of man-days lost was estimated to amount to many millions, and as at the time of

¹ Monthly Labour Review, June 1919, pp 807-14.

² Ibid, September 1920, p 190.

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the strike \$4.62 per day was reported to be the lowest wage paid, the wage loss of the workers was claimed by many writers to have amounted to more than \$100,000,000.

The extent of the losses due to industrial warfare is also evident from the following figures of strikes in Pennsylvania.¹ And these do not include the coal and steel strikes—the greatest disturbances during that period.

RECORD OF STRIKES IN PENNSYLVANIA, 1916-1920

Year	No. of Strikes	No. of Employés Involved	No. Days Lost	Wages Lost	Average Length of Strike in Days
1916.....	316	138,152	3,574,860	\$7,184,296	49
1917.....	498	101,658	1,431,838	4,694,769	26
1918.....	317	90,021	507,987	2,212,304	10
1919.....	484	171,680	4,666,118	13,948,602	26
1920.....	555	88,988	3,128,291	14,514,195	38
Total.....	2,170	590,449	13,307,534	\$42,549,066	29.9

The Bureau of Mediation and Arbitration of the New York Industrial Commission also reported that for the year ending June 30, 1919 and 1920 the following industrial disturbances had occurred in that State.²

	1919	1920
Number of strikes and lockouts.....	168	240
Employés involved directly	208,952	334,188
Employés involved indirectly.....	2,006	16,403
Aggregate days of working time lost.....	11,846,658	10,608,488

That strikes, like unemployment, sap the little savings that the wage-earner may have accumulated, and thus force him to become dependent in old age is too obvious a fact to necessitate further comment.

GENERAL MISFORTUNE

As was suggested in the beginning of this discussion, it is

¹ Combined from Bulletin of the Department of Labour and Industry Vol. 7, No. 1, Series of 1920, and Vol. 8, No. 3, Series of 1921, Harrisburg.

² Labour Review, January 1921, p 222.

impossible to point out every cause that goes to make for dependency and helplessness in old age. Individual lives and experiences vary in many respects and the conditions that go to make up one's fortune or misfortune vary accordingly. In addition to the definite and obvious causes of dependency discussed in the preceding pages there are, however, many minor influences which make the path to the poorhouse hard to avoid even for many thrifty and independent persons.

These forces also ordinarily lie outside of the individual's control. Thus in Massachusetts the Commission on Old Age Pensions of that State found that among those who lost their property possessions 25.4 per cent. attributed it to business failures and bad investments; 6.2 per cent. to intemperance and extravagance; 5.1 to fraud and 3.2 per cent. lost their property in fires.¹ In the case of almshouse paupers, the Ohio Commission attributes the loss of property in 11.68 per cent. to "misfortune," and an equal percentage to "improvidence." Of 159 former property owners 70 had lost it by business failure, 61 by poor investment and 17 by bad loans.²

In Pennsylvania among the almshouse pauper group, 14 per cent. claimed that their loss of property was due to business failures and fire losses; 9 per cent. to fraud and 3 per cent. to bank failures; while of the "non-dependent" who had lost their property 7.1 per cent. lost it through unwise investment; 2.8 per cent. through business failure, and a like percentage lost it through fraud.³ In the case of 162 aged applicants for relief to the Philadelphia Society for Organizing Charity, during 1917-18, the reasons given were: Unemployment, 25 per cent.; irregular employment 9 per cent.; non-support of children 20 per cent.; accident 14 per cent.; blind and deaf 15 per cent.; previous supporter incapacitated 14 per cent., and a few others, exhausted savings. The causes of aged dependency are thus

¹ Massachusetts Report, p 58.

² Ohio Report, p 241.

³ Penna. Report, pp 31 and 109.

so numerous and varied that even many of the well-to-do and prosperous persons cannot be certain that they will remain independent throughout their declining years.

THE PART PLAYED BY MORAL CHARACTER

A steward of a county almshouse in a Quaker district in Pennsylvania replied to the Commission of that State:

"The dependants in almshouses are of such a character that inquiry as to their past life seems to me a waste of time. Most of them were nothing but parasites in society all their days, not one worthy of an old age pension, if it could be had. They are mentally and morally degenerates; most of them foreign born, and half of them never naturalized. Tramps in summer and here in winter. The only record that could be had would be unreliable, for there is no way to obtain it but from them. Hence, we go into few details when they are admitted. The average life of an inmate has been a failure largely due to the fact that they never realize what a successful life is."

On the other hand, Professor Devine, former Secretary of the New York Charities and Director of the New York School for Social Work, states in his book, "Misery and Its Causes":

"The connection that is assumed between the need of assistance and some form of personal depravity or shortcoming appears, superficially at least, to have much justification when we are considering the outcast, the criminal, and the extreme type of parasitic dependent. . . . The question which I raise is whether the wretched poor, the poor who suffer in their poverty, are poor because they are shiftless, because they are undisciplined, because they drink, because they steal, because they have superfluous children, because of personal depravity, personal inclination, and natural preference; or whether they are shiftless and undisciplined and drink and steal and are unable to care for their too numerous children because our social institutions and economic arrangements are at fault. I hold that personal depravity is as foreign to any sound theory of the hardships of our modern poor as witch-craft or demoniacal posses-

sion: that these hardships are economic, social, transitional, measurable, manageable. Misery, as we say of tuberculosis, is communicable, curable, and preventable. It lies not in the unalterable nature of things, but in our particular human institutions, our social arrangements, our tenements and streets and subways, our laws and courts and jails, our religion, our education, our philanthropy, our politics, our industry and our business. . . . Evil passions and indolence produce misery, but it does not follow that misery, all misery, or most misery is to be attributed to indolence or evil passions. The position which I suggest for your consideration is merely that there is no presumption of wrong-doing in the misery of the poor, that it may not be disciplinary, that it may not be punishment, that it may not be the working out of moral character. It may indeed be any of these things in a given instance, but the burden of proof is upon those who allege it, and no charitable society is justified, no public relief agency or institution is justified in basing its policies upon the assumption that because these men before us are afflicted in mind and body, therefore either they or their parents have sinned.”¹

The gap between these two view points could hardly be wider. Data on this question however is so meagre that the problem must still remain largely in the realm of theory and generalization. Some illuminating information however is supplied by the Pennsylvania Commission in its report of 1919. A questionnaire was addressed to about 200 former employers of almshouse-inmates, who were residents of about 20 almshouses scattered throughout Pennsylvania. The letter requested information with regard to the period of employment; the quality of service rendered; the general character of the employé, and the reason for leaving employment.

Twenty per cent. of the answers in regard to the time of employment stated that the men in question had worked less than six months; 21.5 per cent. were employed from six months to three years; 29 per cent. served from three to ten years,

¹ pp. 8-11-12-13-14

while 80 per cent. were engaged for ten years or more continuously.

As to the quality of service rendered, only 4.5 per cent. reported bad service; 80 per cent. reported that the services were either satisfactory or good, while 15 per cent. reported excellent service.

As to the general character of the employés, only 5.9 per cent. claimed that these former workers were drunkards or lazy; nearly 95 per cent. reported them as of good, honest and faithful character.

The above statements are further corroborated by the reasons assigned by the former employés for leaving their employment. Forty per cent. quit work because of sickness; fifteen per cent. because of old age; twenty-two per cent. either because the job had been completed or because the shop had been shut down; while twenty per cent. gave no reason for leaving service, and only 1.6 per cent. had been discharged for cause.

The favourable recommendations given these inmates, as cited by the Pennsylvania Commission, are most interesting. The following few are typical ones:

"He had charge of our tool room and stock rooms and was one of the best men in this position we ever had. (H. B. Underwood & Co.)."

"We always considered him a good and reliable workman. (Pittsburgh Spring & Steel Co.)."

"Steady, industrious, reliable workman. (Pressed Steel Car Co.)."

"Our superintendent reports Mr. W. as of excellent character, honest and did his work most satisfactorily. (Dorhan's Monitor Carpet Mills)."

"A good steady man and a good mechanic. (Pennsylvania Iron Works)."

"Faithful employé while working in this colliery. (R. R. C. & L. Co.)."

"He worked for me off and on as general utility man around the house and I always found him very willing and a good worker."

"He is a good printer and I never knew a more kind hearted and generous man."

"As far as we can judge from business connections with him, he is honest and deserving."

"L. W. was one of the best and most reliable men that worked for me. An A-1 man."

The following include all the statements given, regarding the opposite type of inmate.

"He owes my mother five meals and one night's lodging, to this date."

"Down and out on account of drink."

"He would absent himself at times for several weeks while on drinking bouts."

"His father was foreman in the shop until his death. His son was never dependable on account of drink."

"Was a good teamster and good to his horses. One thing I am sorry to say, his money was all spent for booze."

It is evident from the preceding discussions that while personal depravity will produce misery and result in aged dependency, in individual cases, the great and significant causes of old age dependency lie in our institutions, in our present social and economic order. In discussing the causes of old age dependency the socio-economic forces which are responsible for low wages, unemployment, strikes and lockouts, and industrial superannuation are of incomparably greater significance than indolence or thriftlessness. Indeed, the latter are frequently the effects of the former maladjustments.

PART III
EXISTING METHODS OF RELIEF



CHAPTER VIII

INDIVIDUAL SAVINGS AND INDUSTRIAL PENSIONS

The obligation of the State to take care of the indigent aged has been partially recognized by the establishment of almshouses, and county infirmaries, and by the granting of outdoor relief. The Elizabethan Poor Law was instituted for the purpose of relieving the tremendous distress and poverty which resulted from the enclosures of great agricultural estates for purposes of sheep grazing, an act which caused great unemployment and distress among the labouring classes of England. The Poor Law System has since continued and assumes to take care of those who have no other alternative than to accept the stigma and disgrace attached to our poorhouses. Such a fate, however, is dreaded and feared by most persons. To avoid such an end there have, therefore, been developed a number of methods by means of which some of the more fortunate among the labouring classes strive to avoid a pauper's grave. These methods range in character from individual savings and insurance, to mutual, industrial, government and fraternal insurance systems. The methods and extent of relief in operation today as well as the degree of their efficacy in solving the problem of dependent old age is the task set for presentation in the next three chapters.

INDIVIDUAL SAVINGS

To provide for old age is a fundamental desire common to most human beings. The motive of accumulating a sum sufficient for old age, or for the protection of their wives and chil-

dren after their death prompts most working men as well as business and professional men to work harder and longer during their productive years. The instinct of protection against dependency is no less impelling in one class of society than in another, and is as common among the working class as among the middle and employing classes. The problem of saving for old age is most serious not on account of the lack of habits of thrift, but largely because, as has been shown in the earlier chapters, the great mass of wage-earners in this country lead continuously a precarious and hand-to-mouth existence. With a wage that rarely reaches, according to government reports, the minimum standard of subsistence necessary to maintain a family of five, how can a wage-earner save at all, and especially for old age? "Thrift" as stated by Professor Miller, "is a desirable habit for those who receive a wage that makes saving a possibility, but thrift becomes a mockery in the homes of the poor and 'saving' an economic falsehood."¹

The difficulties confronting wage-earners who desire to save have already been alluded to. Even if a workman is fortunate enough to receive a fairly high wage, and by economy and self-denial succeeds in setting aside a small part of his earnings, it not infrequently happens that serious illness besets the family and the entire savings are wiped out after the payment of the doctor and the druggist's bills. Even though there may be no sickness, unemployment may deplete the worker's reserve.² The worker may be even forced to leave town in order to seek

¹ G. R. Miller, *Social Insurance in U. S.* p 111.

² According to the *New York Times* of April 22, 1921, W. Jett Lauck, economist for the railway labour organizations, declared before the Railroad Labour Board that "authoritative government reports state that five million workers are idle, at least three million of them having been without work throughout the winter. It costs these five million workers nearly one billion dollars a month to supply their families with the barest necessities of existence. This situation means acute distress to approximately 25,000,000 persons. The cost of maintaining these five million families would absorb each month approximately one-fifth of the total savings deposits of the country. The entire savings bank deposits of the country could support them only five months, as they amount to only \$3,186,845,000.

employment. By the time he has transferred his family and settled it in the new place, his accumulations will have vanished. Usually the first savings of a worker are made for the purchase of a home, and this is the first to go when employment has to be sought in another place. On the other hand, if a worker is free from the above misfortunes, his very anxiety to secure an economic competence, frequently leads him because of inexperience and credulity, into foolish investment ventures and get-rich-quick schemes which may sweep away his entire earnings. The recent "Ponzi" episode illustrates this point clearly.

The aggregate amount of savings by those who actually toil for their daily bread is, of course, impossible to ascertain. The number of depositors and amounts per account in the different savings banks varies considerably from time to time and cannot be accurately ascertained. On June 30, 1920, the total savings deposits, or deposits in interest or in saving departments in 22,109 State, savings, private banks, and loan and trust companies including Hawaii, Porto Rico, and the Philippines amounted to \$7,493,015,000.¹ On the same date 8,025 national banks reported \$10,215,575,000 demand deposits and \$3,484,891,000 time deposits.²

A statement issued to the press by the Savings Banks Association of the State of New York showed that the total deposits on December 31, 1920, in 58 of the 59 savings banks in Greater New York amounted to \$1,832,132,834.02. The number of depositors was 2,559,840, making an average of \$715.68 per depositor.

Savings banks, however, are largely patronized by professional men, small business men and the more prosperous among the working people, and can hardly be termed "workingmen's banks." A more representative workingman's bank may be

¹ Report of the Comptroller of the Currency, vol. 2, p. 807, 1920.

² Abstract of Reports of Condition of National Banks No. 125, p 11, Aug. 30, 1920, Treasury Department, Washington.

considered the U. S. Postal Savings, in which practically all deposits are those of wage-earners. The number of depositors and amounts deposited in the Postal Savings System may perhaps be taken as fairly indicative of the extent of savings among the great mass of wage-earners in this country. According to the annual report of the Postmaster-General¹ during the fiscal year ending June 30, 1919, the deposits in the Postal Savings System increased from \$148,471,499 to \$167,323,260, a gain of \$18,851,761, or 12.70 per cent. The number of depositors however decreased during the same year from 612,188 to 565,509, a loss of 46,679, or 7.62 per cent. The average principal per depositor during the same year increased from \$242.53 to \$295.88, a gain of \$53.35 or 22 per cent. The figures in this report may be taken perhaps as fairly suggestive of the entire problem of savings for wage-earners. As the wages paid during this period were highest, a number who were earning fairly high wages were able to increase their savings, but nearly 50,000 of those who had deposits the year before were apparently compelled by the increased cost of living to withdraw even the meagre savings which they had succeeded in accumulating. The decrease in the number of depositors could not be ascribed to the withdrawal of deposits by many immigrants, as the emigration during that year was not considerable. Of the more than 110,000,000 persons and 40,000,000 wage-earners in the United States thus only 565,509 or approximately one among 80 wage-earners had a savings account in the Postal Savings System—the most representative workingmen's bank. While it is true that many workers had during this period made investments in war bonds, and thrift stamps, the average such investment was inconsiderable. The inadequacy of \$295 to take care of old age needs no comment. And this negligible average sum per deposit or after Congress in July, 1918, had increased the

¹ House Document No. 460, Sixty-sixth Congress 2nd Session.

amount that a depositor may have at credit from \$1,000 to \$2,500!

According to the Report on Productive Industries (p. 845) recently published by the Department of Internal Affairs of the Commonwealth of Pennsylvania, the per capita savings in that State on January 1, 1920, amounted to \$125.10.

In her study of 100 old persons in Greenwich Village in 1915, Miss Nassau states:

"I neglected to ask twenty-one women and eight men if they had had savings but of the rest five women and five men had savings—that is, ten out of seventy-one had savings. The savings of the five women were partly left to them by someone else, and, except in one case, could not last long. Of the five men, two were bachelors and could thus save fairly easily; one had savings sufficient for one year only, another's savings were fast diminishing. So that the savings counted for little. The reason I neglected to ask the twenty-nine people if they had savings was, usually, that they so obviously had nothing."¹

The lack of savings or property income among aged persons, as found by the different State Old Age Pension Commissions, has already been pointed out. Indeed, what are the prospects for saving to most of the wage-earners who by skimping and exceptional management could lay aside a little? Why should the average worker scrape and deprive himself and his family of the necessities of life in order to save for old age? What are his chances of success in this respect? Why should the worker deny himself the satisfaction of present needs in order to store up something for the remote future, when he sees day by day the little savings of his neighbour swept away through illness, unemployment, or in some business venture; why should he save when it seems apparent that the chances of being relieved from beggary and pauperism are slim?

¹ Mabel Louise Nassau, *Old Age Poverty in Greenwich Village*, pp 16-17.

Why saving for old age is especially difficult for workingmen and can never be relied upon as an effective method of relief for the problem of aged dependency is succinctly summarized by Rubinow as follows:

"1. The amount necessary is evidently greater, for old age is not a brief transitory condition, such as sickness or unemployment may be. It would require a continuous saving for a great many years.

"2. The amount necessary is uncertain. There is, after all, the even or more than even chance of early death before old age may be reached. And in addition, the wage-worker has no means at all to know how much he would have to save, nor whether his savings will prove sufficient.

"3. It is the final emergency, which in the natural course of events must be preceded by all other emergencies of a workingman's existence. Inevitably the fund of savings would have to be used to meet all these emergencies.

"4. The remoteness of the emergency would prevent necessary savings at a time when such savings would be easiest, that is in earliest years.

"5. To assume that under these conditions all workingmen could save sufficient to provide them against old age, would be to disregard all real conditions of the wage-worker's existence. Even in the most saving of our States, the average amounts held per depositor in the savings banks are ridiculously small as compared to the amounts needed for a sufficient income at old age.

"6. Finally special savings for old age would only be possible through a persistent, systematic, and obstinate disregard of the needs of the workingman's family, which would make the preaching of such special savings a decidedly immoral force."¹

Savings by means of insurance protection has increased considerably during the past few years. The increase however has been largely in industrial insurance. It is estimated that

¹ Rubinow, *Social Insurance*, p 313.

there are more than 20,000,000 policies in this country, which consist chiefly of small amounts upon the lives of wage-earners or of members of their immediate families paid for at weekly or frequent interval. The amounts of these policies in the majority of cases are for no more than \$100 or \$200 which is commonly used for burial expenses. In 1909 the Massachusetts Commission found only 15.9 per cent. of the "non-dependent" aged poor investigated who carried life insurance policies of any kind.¹ In 1918 in Hamilton, Ohio, it was found that:

"Of the 1,432 cases studied 793 or 55.4 per cent. were carrying life insurance in one form or another. In 387 or nearly half of the cases the amount of the policy was less than \$200, while only 168 or approximately one person in five carried policies of \$100 or more. Two hundred and nine of the 416 persons studied in Cincinnati carried life insurance in some form."²

While old-age insurance may be secured at a reasonable rate if begun early in life, it is hardly to be expected that any considerable number of young men at twenty to twenty-five will think of providing for the remote contingency of old age. At an advanced age the insurance is quite high and the great mass of wage-earners cannot afford it. The best illustration of the gross lack of provision of old-age insurance in the United States is the experience of the Massachusetts Savings Bank System where the State sells old-age annuities at greatly reduced premiums and where, in spite of this, there were at the end of 1919, after practically twelve years' existence of the fund, only about 300 persons who had taken out these annuities.

PENSION SYSTEMS OF INDUSTRIAL CONCERNS

It is frequently asserted that but a small number of workers are discharged by their employers after long service, because it is assumed that "sentiment or appreciation" on the part

¹ Mass. Report, p 58.

² Ohio Report, p 288.

of the employer as a result of long acquaintance inclines him to retain the aged employé on so-called pension jobs long past the period of full efficiency. Furthermore, the establishment of a pension system for old employés is acknowledged by all industrial leaders to be "good business policy." It is claimed by many employers that "the pension attaches the employés to the service and thus decreases the liability to strike," reduces the labour turnover, attracts a superior type of employé, and is generally doing much to reconcile capital and labour. A pension system, furthermore, enables employers to dispense with the less efficient and elderly workers thus doing much to eliminate waste and demoralization as a result of the continued employment of men who have long out-lived their usefulness. The prospect of a pension also operates as an incentive to hold men past middle age whose acquired experience and skill often become invaluable to the employers. Generally, the employés accept such a system with favour and it is claimed by some that industrial discontent is greatly reduced, as the expectation of a pension in old age cultivates a feeling of loyalty and a recognition of a mutual interest.¹

In view of the above considerations, the number of industrial concerns in the United States that have established such systems for their superannuated employés is amazingly small. A letter addressed by the Pennsylvania Commission on Old Age Pensions, to all concerns in Pennsylvania, outside of railroads, employing 500 or more workers in regard to their pen-

¹ A recent inquiry addressed to corporations who have established pension systems is of interest. Of 58 answers to the question "Have your workers shown appreciation of benefits of pension system?" fifty-one answered in the affirmative. To the question whether the pension system has had a material effect in promoting efficiency, "particularly in that it has eliminated their worries concerning their future," 36 out of 59 returns replied in the affirmative. Thirty-three out of 57 replies also answered yes to the question, "Has your pension system increased the average permanency of employment of your employés, i. e. has it reduced labour turnover materially?" In regard to the questions whether industrial pensions have decreased industrial unrest on the part of employés, or prevented strikes, 20 of 44 replies stated that it did to a certain extent, while 23 others declared that it did not.

sion systems brought nearly 200 replies. Of these, 35 had established regular pension schemes or were associated with one; 48 had no regular system but stated that it was their policy to aid their aged employes by giving them either light work or so-called pension jobs, while 101 industrial concerns stated that they had no pension system of any kind and had never given the problem consideration.

A special committee of the Merchants' Association of New York in a report on Industrial Pensions ¹ states that there are probably between 150 and 200 private industrial pension systems. The Committee finds that practically without exceptions these systems have been adopted by very large corporations. Besides railroads, the distribution is as follows:

(1) Public Utilities	48
(2) Manufacturing and Commercial Concerns.....	45
(3) Banks	24
(4) Insurance Companies	5
(5) Miscellaneous	20
Total	142

The number of employes actually in the receipt of industrial pensions is small. The pensioners of 20 leading Pennsylvania concerns in 1918, as furnished to the Old Age Pension Commission totalled only 2,139. Of the several hundred thousand employes of the U. S. Steel Corporation and subsidiary concerns throughout the country, there were on December 31, 1919, only 2,436 pensioners on the active list. Similarly negligible numbers were found in all other concerns.

The absence of more wide-spread pension plans cannot be attributed solely to the cost involved. Of the systems examined, the proportion of the total amounts spent on pensions to the total annual pay roll was rarely found to exceed one per cent. and in the majority of cases the amounts spent on pensions were less than one half of one per cent. of the total annual pay roll. The main reasons for the absence of such plans may

¹ Report on Industrial Pensions, The Merchants' Association of New York, New York, 1920.

be attributed to the following: (1) The belief of many employers that it is more advantageous for them to deal with the individual employé as "it gives the opportunity to reward real merit." (2) Pension systems are frequently not established because of the large labour turnover experienced by many concerns. The number of workers who serve sufficiently long periods with one employer as to be entitled to a pension is very small. (3) Although it has been suggested that any business which cannot stand an increase of one per cent. in expenses "is so unstable as to be a menace, not only to its proprietor, but also to society," there are nevertheless a number of concerns who claim that they cannot afford this additional expenditure.

The incentives for the inauguration of industrial pensions on the part of employers are many and varied. A few are, doubtless, inspired by humanitarian or philanthropic considerations. In the majority of cases, however, the economic motives play the leading part. Definite pension systems are used not only "as a reward for faithful and most efficient service," and "appreciation of the fidelity and honest service of the employé," but also, "as an incentive to further service" on the part of the younger workers, as is explicitly stated in the by-laws of many corporations. And the latter purpose could not be achieved when the old and decrepit are scrapped indiscriminately. It is perhaps not correct to state that one of the chief purposes, as has been advanced by several students, in establishing a regular pension system, is to lessen the attractiveness of labour unions, and make men loyal to their employers rather than to any labour organization. An examination of the industries having established pension systems discloses the fact, however, that very little trade union organization exists in most of them. Again, Miles M. Dawson, a well-known actuary, relates an instance when "A Canadian railway company which had not engaged to pay pensions, except at its pleasure, recalled retired employés to its service upon the occasion of a strike, on penalty of forfeiting their pensions. This



involved depriving an old employé of the reward of a lifetime of service unless ready to dishonour himself by betraying a Brotherhood of which he had been a member for a quarter century or longer.”¹ Reverend Father John O’Grady also declared:

“I have known a case recently in which a large organization in this country notified all its old men that if they did not return to work in the event of a strike they would lose their pensions.”² During the so-called “outlaw” strike of railroad workers early in 1920, many newspapers reported pensioners who were compelled to work in order to break the strike.

The Special Committee on Industrial Pensions of the New York Merchants’ Association frankly states the motives underlying industrial pensions:

“In addition to the desire to reward faithfulness or to fulfill a duty, there is usually in the mind of the employer the hope of attaining definite beneficial effects on the efficiency and prosperity of the business. Most prominent among these effects are: increased loyalty of employés and development of their personal interest in the success of the business, which are exceedingly valuable assets to an employer; increased efficiency of individual employés; reduction of labour turnover; attraction of a superior type of employé; decrease—or even elimination—of labour troubles; and increase in thrift of individual employés,—all of which are more or less related effects.”³

The principal features of industrial pension systems may be summarized briefly as follows: (a) Industrial pensions in this country are of comparatively recent origin, and many of them are still in the experimental stage. (b) With few exceptions, industrial pension systems are straight service pensions financed by the employer and without contributions by

¹ Bulletin No. 212 U. S. Bureau of Labour Statistics, 1917, p 786.

² Ibid, p 758.

³ Industrial Pensions, Report of Special Committee, p 13, New York Merchants’ Association, 1920.

the employés. (c) The employés are given no representation in the administration or management of these funds. (d) Membership is not compulsory and the pension allowance, ordinarily, applies to all employés.

AGE OF RETIREMENT

The general age period for compulsory retirement of male employés is set at 70 years of age, although, practically all provide that employés may retire at 65 at their own request or at the discretion of the company. Sixty years of age is generally the age period set for the retirement of female workers, although a number have more liberal provisions and permit the retirement of women workers at 55. Age is rarely required for total disability allowances. These usually depend on length of service.

YEARS OF SERVICE

The period of service required for the retirement upon an industrial pension varies between 10 and 25 years. The length of service required is less uniform than the age requirements. Continuous service is required in considering the period of employment, and leave of absence, suspension, or lay-off for a period longer than six months, in the majority of cases, constitutes a break in the service, and employés lose all credit for previous employment.

PENSION AMOUNT

The amount of the pension is generally computed upon a certain percentage of the employé's wages, usually by taking one per cent. of the average wages of the employé for the last ten years and multiplying it by the number of years of service. Some corporations, however, pay a straight sum of about \$15, or \$20 a month. In granting pensions, concerns are explicit against any inference of vested rights or privileges

granted employés, and usually reserve the right to discharge an employé or terminate a pension for violation of any of the company laws or gross misconduct, etc.

The regular rates of pensions are in many cases limited by maximum or minimum yearly pensions or both. The report of the New York Merchants' Association, already referred to, states that:

"In industrial establishments the maximum limits vary from \$500 to \$5,000 per year, and the minimum limits vary from \$144 to \$244 per year. In banks the maximum limits vary from \$1,800 to \$6,000 per year. In some cases the limit is a maximum salary upon which a pension is computed. In other cases it is a maximum per cent. of highest salary, in which case the figure is usually from 60 to 75 per cent. so that few employers are actually affected by it, because even under a three per cent. rate, more than a 20-year period of service at least is necessary to reach the maximum rate.¹

The granting of a pension ordinarily does not debar the pensioner from engaging in any other business. But in a few cases the amount of annuity varies inversely with the income from other sources. That it would, however, be practically impossible for any employé to follow the line of work he could do best and to which he was accustomed, is obvious from the provision made by practically all concerns that he cannot engage in any other business which may be prejudicial to the company's interest. Nor may he be further engaged by the same company.

Objections to industrial pensions are based on the following grounds:

(1) They are generally opposed by organized labour because it is said they are established largely for the purpose of lessening the attractiveness of labour unions and make men more loyal to their employers rather than to one another.

¹ Ibid, p 24.

(2) Industrial pensions, it is also argued, are merely deferred wages, and it is commonly known that wages are frequently found to be lower in those industries which have the best pension schemes. The Illinois Pension Laws Commission concluded in its 1916 report that:

"Whether the contribution to a pension fund be taken wholly from the employé's wages or salary, or be paid wholly by the employer, or be derived in part from each, these contributions are in all three cases to be regarded as in reality a deduction from wages and salary. The existence of a pension system in connection with any position or employment is taken into account by both parties to the contract of employment, and broadly speaking, wages and salaries actually paid are in due course reduced below what they otherwise would be by the amount of the total contributions from both the employer and employé to a pension fund. The employé will thus pay for his pension by deductions from his wages or salary, whether he is conscious of it or not. Indeed it is quite possible that with a sound fund in existence the reduction in wages and salaries may in time materially exceed the amount of the total contributions owing to the advantages of such a fund to the employé under present economic conditions. This consideration further emphasizes the advantage to the employer of having such a fund established."¹

Professor de Rode also declared:²

"In order to get a full understanding of the old-age and service pensions, they should be considered as a part of the real wages of a workman. There is a tendency to speak of these pensions as being paid by the company, or, in cases where the employé contributes a portion, as being paid partly by the employer and partly by the employé. In a certain sense, of course, this may be correct, but it leads to confusion. A pension system considered as part of the real wages of an employé is really paid by the employé, not perhaps in money, but in the foregoing of an increase in wages which he might obtain except for the establishment of a

¹ Illinois Pension Laws Commission Report, 1916, p. 282.

² American Economic Review, Vol. 3, 1913, pp 287-290-291.

pension system. . . . It seems to me on the whole that most of the pension systems adopted by private employers are merely very shrewd bits of wage bargaining. The absence of any contractual right and the lack of assurance that a pension will be paid upon fulfilling the conditions, gives merely the shadow of provision for old age and not the substance."

(3) Industrial pension systems prevent the mobility of labour, often to the detriment of both the individual and the community, and offer opportunities for arbitrary discriminations against workers. The administration of these funds is in most cases in the hands of the employer. As a result, notwithstanding the definite regulations provided for the granting of a pension, the latter is always contingent upon the nature and loyalty of services rendered and the opportunities in the hands of the employer for discriminations are evident. For, while the employer is left free to discharge him, cut down his wages or discriminate against him generally, the worker must remain loyal at all times. He must not, for instance, take part in any movement which the employer may consider detrimental to his interests, such as associating himself with his fellow workers, in order to increase their wages or improve their working conditions generally. He not only can do little to better his own conditions and those of his fellow workers, but he cannot even leave his employment in order to seek more suitable work, as it means losing his pension privileges for which he has laboured many years. That it is undesirable and even socially harmful to tie a man to his job and discourage him from changing from one employer to another is generally recognized and need not be emphasized in this connection.

(4) Industrial pensions are also objected to because the age for retirement is generally too high and the pension too low.

(5) In the case of many concerns there is no guarantee that the pension promised will be lasting and permanent, even if all requirements are lived up to, as practically all concerns re-

serve the right to either reduce the pension rate when the demands are in excess of the sums fixed, or discontinue the entire fund "without vesting any rights to such a pension to any individual member."

The Committee of the New York Merchants' Association, it is worthy to note, points out that pension systems that may at any time be discontinued are immoral. It says:

"Even if the pensions are apparently the free gift of the corporation, and the economic possibility of this for a considerable period is doubtful, the employé is entitled to look forward with assurance to the pension promise. A pension promise that is not certain involves an uncertain morality. . . . To provide, as is often done, that the corporation may wind up the pension plan at any time without fulfilling the promises already made, and then to expect employés to look forward with confidence and order their lives upon the strength of these promises, is certainly inconsistent. When the economic aspect of pensions is considered, such retroactive power of revocation can hardly be considered as moral."¹

While it is true that the very large industrial concerns are not likely to terminate their pension systems without sufficient notice there are nevertheless many of the smaller concerns which are continuously facing such emergencies. A large industrial concern in Pennsylvania in 1918 wrote to the Old Age Pension Commission of that State:

"We have for many years paid pensions to a few of our employés who had served long periods with our concern. We have no regular system for this, however, and during the business depression prior to the war, which hit us severely, we had to suspend payment of these in some cases."

That this situation is fraught with the greatest danger is obvious. Mr. L. W. Squier addressed a letter to a corporation reliably reported as having a pension plan in operation and it

¹ New York Merchants' Association, pp 6-7-8.

was returned unopened and stamped "Firm Dissolved." He comments

"The question naturally comes to the mind of the thinking working man: What is the measure of the disappointment of the scores, perhaps hundreds, of employés of the corporation who were looking forward to pensions for the support of old age and are now helpless and unprovided for? Such a condition is analogous to that of the crew of a vessel who, after a long hard voyage over dangerous seas with food exhausted, nerves racked and strength almost gone, have only one hope left,—that of speedily making an hospitable harbour; but alas, find themselves shipwrecked upon a barren island."¹

(6) Industrial pensions are also objected to by some, on the ground that they have a depressing effect upon wages, due to the competition of returned pensioners who accept jobs for less money because added to their pension their needs are more readily satisfied. This objection, however, has little basis of fact, as it is common knowledge that with most industrial pensioners their life power had been already spent before retiring. Indeed of the number retired on pensions by the United States Steel and Carnegie Pension Fund in 1917, 15 per cent. had died in the same year "indicating," as commented on by the manager of the Fund, "that they had given their full measure of loyalty to the service." At any rate, the fact of receiving a pension would hardly make one a more dangerous competitor in the labour market. One would certainly display keener competition were he left starving at the age of 60 or 70, and still able to perform some useful labour.

Other objections to these pensions are as follows: (7) They generally make no provision for cases of total disability when an employé has not served the required time. (8) Only corporations employing wage-earners on a large scale can afford to establish well-defined systems of retirement. (9) Some companies provide that the employés forfeit claim to pensions

¹ L. W. Squier, *Ibid*, pp 107-108.

when leaving service, under strike orders. (10) Generally before a pension is granted, one must have lived up to the most stringent requirements and provisions.

RAILROAD PENSION SYSTEMS

The railroads were the first in this country to establish retirement systems for their employes. This is, doubtless, explained by the fact that railroad employes are very often required to be under the most prolonged tension of both mind and body. Men in modern transportation systems are subject to greater hazards and wear out more rapidly than in many other branches of industry. With the rapid and unprecedented development of the American railroads, the problem of what to do with the superannuated worker loomed up earlier in this industry than in any other. Railroads in this country thus began to establish private retirement systems about the same time that European governments first engaged in instituting systems of public pensions and insurance.

The main development in railroad pensions did not begin until the early days of the present century. The Baltimore and Ohio Railroad has the distinction of introducing the industrial private pension system in this country.¹ Its pension fund was established in 1889—the same year in which the government pension scheme was adopted by Germany. More than a decade passed before the next railroad—the Pennsylvania—saw the necessity of following the example. The great majority of the railroads have established a regular system of pensioning since 1900.

What is true of the pension plans of the industrial concerns is, in a descriptive sense, true of all the railroads, namely: the administration of these funds is either by the direct control of the board of directors of the various companies, or by a board appointed by them, or by the president of the railroad. The only exception to this is the Baltimore and Ohio Fund, which

¹ The American Express Company is said to have established some provisions for its aged employes as early as 1875.

requires four years' membership in the Relief Fund for eligibility and which is controlled by the same executive committee as administers the latter department. Such absolute control is readily explained by the fact that excepting the Baltimore and Ohio Fund the employes make no contributions to any fund. The payments are entirely gratuitous on the part of the company "as a reward for faithful services rendered," and the funds are therefore controlled by them.

As is the case of the industrial pension plans, a compulsory and voluntary age of retirement is provided also in the transportation systems. With very few exceptions the former is set at seventy years. The period of service required before an employé can retire on a pension differs. It ranges from ten years to thirty years. Where the shorter period of service is specified, however, it is generally provided that no person is eligible to a pension who enters the service after 40 or 45 years of age. In a few cases the age of eligibility to service is as low as 35 years. That the longer period of service is thus necessary before a pension can actually be secured is obvious.

In the majority of railroad pension establishments, the difference between the age when one is compelled to retire and the period when one may retire voluntarily on account of physical incapacity, amounts only to five years. Seventy being the age of compulsory retirement, it is usually provided that an employé may retire on account of physical incapacity between the ages of 65 and 69. A few corporations, however, provide for no set age or service but leave it to the discretion of the Board of Directors to decide upon the merits of the individual case.

The differences in the terms of service required for the granting of a pension by the industrial concerns and the various railroads are significant. Twenty-five years of service is the maximum set by the different industrial establishments. Many require twenty or fifteen years of service and a few require only ten years of service. In the case of railroad pensions, however, twenty-five and thirty years of service is gen-

erally specified or implied. This difference may be explained by the fact that the labour turnover is much greater in the case of industrial firms and also because railroad lines are more anxious and better adapted to retain employes for longer periods.

With the exception of the Baltimore and Ohio Railroad, practically all the railroads have an identical method of computing the annuities awarded. Most railroads provide for a pension computed upon the basis of one per cent. of the average monthly wages for the ten years next preceding retirement, multiplied by the number of years of service. Incapacity annuities whenever provided are computed in the same manner. Although a great number of establishments do not provide for either maximum or minimum pensions, two hundred and fifty dollars per month seems to be the highest limit set, while five dollars per month is generally the lowest.

Only few railroads make provisions, by means of pensions, for employes who have been injured and have become totally disabled while performing their duties. These few concerns state that an employe, in case of injury or total disability, may be pensioned regardless of his age or length of service. The majority of companies, however, make no provisions for such employes before they have completed the required period of service.

The transportation companies, as was indicated in the case of the industrial concerns, generally specify that the granting of a pension does not debar any employe from engaging in any other business, but state that he cannot re-enter the service of the company. The pension funds of the great majority of railroads are fixed at a certain amount. It is also provided by practically all of these concerns that "when basis of pension allowance shall create demands in excess of the sums fixed, a new basis, ratably reducing the pension allowances may be established."

Additional characteristics generally typical of these pension

systems may be summarized as follows: In computing the length of service it is usually specified that "leave of absence, suspension or dismissal followed by re-instatement within one year or temporary lay-off is not to be considered a break in the continuity of service." Practically all companies "reserve the right to terminate pensions for gross misconduct" and "reserve the right and privilege to discharge from service at any time any employé without liability to a pension." Some provide that "employés who are dismissed from or voluntarily leave the service of the company for any cause whatsoever relinquish all claims to consideration or pension allowances." Others specify further that "employés forfeit claim to pensions when leaving service under strike orders." The objections offered against the pension systems of industrial concerns are of course applicable also to railroad pensions.

The efficiency of railroad pensions in the relief of the problem of aged dependency among railroad employé's may be judged from the following figures which need no further comment. The Pennsylvania Railroad with its nearly 800,000 employés had retired on pensions from January 1, 1900, the time of the inauguration of the plan, to December 31, 1919, a total of 9,129 employés. The Philadelphia and Reading Railway Company pensioned from 1902 to 1920, a total of 976 employés. The New York Central, and all its associated railroads, pensioned 2,828 employés during the first ten years' existence of the fund—1910-1920. From October, 1884, to March, 1920, a period of 36 years, the Baltimore and Ohio Railroad retired on pensions only 2,759 of its employés.

CHAPTER IX

FEDERAL, STATE, MUNICIPAL EMPLOYEES, AND TEACHERS' PENSIONS

The problem of the aged government employé is of paramount importance, especially from the viewpoint of the taxpayer. There can hardly be a greater waste of the taxpayer's money than to retain on the pay rolls of our Federal, State, and Municipal services, men and women who have long outlived their usefulness. Furthermore, the continuation in the employ of our government at full wages of old men and women who are no longer capable of rendering efficient service is not only a waste of money but is demoralizing to the entire service. The burden of this "dead weight" carried on government pay rolls becomes especially pernicious as the volume of work continuously increases and as newer methods and higher standards of efficiency are introduced into the administration of our governmental departments.

The full extent of the government's burden in this respect cannot be definitely determined. That there are few governmental departments, however, whether Federal, State, or Municipal, whose efficiency could not be greatly improved by replacing the older and less able employés with younger men who are more adaptable to the newer methods of work, is a fact known to all. In one Federal department it was estimated that 250 people could do the work at present performed by 1,000 superannuated employés. "Some of these were said to be working at only 90 per cent., 50 per cent., 25 per cent., and even nearly as low as zero per cent. efficiency."¹

¹ John B. Andrews, *The Survey*, May 22, 1920.

Former Secretary of the Treasury W. G. McAdoo in 1917 declared: "The Treasury Department bears upon its rolls a large number of aged employés whose efficiency is gradually waning." Former Secretary of Commerce Redfield also corroborated this by stating: "that the efficiency of the executive civil service is seriously impaired by reason of its superannuated employés, is a fact conceded by practically all persons who are at all familiar with the problems of the service." The burden of dead wood carried on the pay rolls of the different States and municipalities, where civil service requirements are less strict than that of the Federal government, or do not exist at all, is doubtless even greater. The Massachusetts Commission on Old Age Pensions, in co-operation with the Mayor of Boston, made a study in 1908 of the aged employés of that city and the results found, as given in the report of the above Commission, were as follows:

"The total number of employés over 65 years is 491; over 70 years, 168. The amount of compensation paid to employés over 65 is \$419,888.45; over 70, \$273,999. The number over 65 reported as inefficient is 296. The compensation paid to this group is \$200,194.35.

"The percentage of inefficient employés among the employés over 65 years is strikingly large in many departments. For example, in the cleaning and watering division of the street department 35 are employed, of whom all are reported inefficient; in the cemetery department 16 persons over 65 years are employed, of whom all are reported as inefficient; in the park department 27 are employed, of whom 24 are inefficient.

"The period of service is over 30 years in the case of 119 employés over 65, or 25 per cent. of the total. Only five per cent. or 42 persons, have been in the employ of the city less than five years.

"The leading departments, in respect to number of pensionable employés, rank as follows: (1) paving division of street department, 109 over 65 years; (2) water department, 65; (3) Sanitary department, 47; (4) cleaning and watering division, street

department, 85; (5) park division, 27; (6) ferry division, street department, 26; (7) cemetery department, 16.”¹

As an employer of labour, however, the government can least afford to set the example of discharging outright and turning adrift, or carting off to the poorhouse those employés who have grown old in the service and who have spent the best years of their lives and have given of the best they possessed to the service of the Nation, the State or the Municipality. It has long been the policy of nations to provide relief in old age to soldiers and sailors who hazard their lives in the defence of the nation in times of war. Is it not obvious also, that the work done by the armies of the various government employés in maintaining the orderly process of government, so essential to the peace and welfare of the country, as well as to the protection of life and property of their fellow-citizens in time of peace is no less important and essential a service to the nation, and as such, merits some sort of protection against the days when they are no longer able to render efficient service or to provide for themselves? In the case of our municipalities especially, where many thousands of common labourers are employed who in many instances, are paid a lower rate of wages than that paid in local private industries, the problem of retirement seems most pressing. These men who are known to do the “dirty work” of our cities which is essential to the health and welfare of all residents, are obviously least able to provide for old age. That these men who are responsible for the maintenance of sanitation and of the manifold other comforts furnished by our modern cities, and who loyally and faithfully serve the municipality under all sorts of conditions through the best period of their lives, should not be left helpless in their old age is so manifestly a matter of justice that it would seem superfluous to stress it further.

¹ Report of Massachusetts Commission. Old Age Pensions, Annuities and Insurance, pp 270-271.

The problem of the superannuated government employé must not, however, be considered solely from the viewpoint of justice. Evidently, what is recognized as "a good business policy" for private employers ought to prove of profit also to our national, state and city administrations, in their respective capacities as employers of labour. The advantages of retiring aged workers on pensions are now recognized by all progressive employers of labour. This is witnessed by the rapid development of these systems within recent years as was shown in the preceding chapter. Their small number may be accounted for by the fact that only large employers are able to establish regular pension plans. The establishment of such a system for government employés would afford an opportunity not only to raise the standards and enhance the quality of service rendered, but would also act as an incentive to attract better ability to the particular line of work. The heads of the executive departments of the government have long recognized the importance of a retirement provision for civil service employés. Urging the adoption of such a plan before the U. S. Senate Committee on Civil Service and Retrenchment,¹ former Secretary of War Newton D. Baker said:

The effect of such a law would be to give an assurance of a competent and comfortable old age. It would relieve the employés from the fear of loss of occupation and of livelihood, would further inspire them to loyalty to the Government as an employer, thus improving the general quality of the service rendered by the Government employés, and would permit the replacement of some employés in the various departments who have long and faithfully served the Government and reached venerable but enfeebled years without having had an opportunity to accumulate any competence upon which their retirement can rest."

Secretary of Commerce Redfield declared:

¹ Report of U. S. Senate Com. Hearings on Civil Service and Retrenchment 1917, pp 70-72.

"Efficient service and justice to the employés demand a comprehensive, wide-reaching, and effective scheme of retirement pensions, the advantage of which is being more and more widely recognized by progressive commercial establishments and by foreign governments."

Former Secretary Wm. B. Wilson, of the Labour Department, wrote in his Annual Report:

"In a previous report of the department attention was drawn to the difficulties confronting executive officers of the Government impelled in the interest of a good administration to dispense with the service of employés whose efficiency has been materially impaired by advanced years. On the other hand, they are met with the fact that the business of the Government could be more efficiently handled by active persons, whereas on the other hand there looms up before them the spectre of hardship and in many cases absolute want, which would be enforced upon faithful servants if they were thus to be summarily removed from the only means of gaining a livelihood for which through years of training they are qualified.

"It is inevitable, therefore, that until such times as heads of departments can accomplish this change in the personnel without visiting undue hardship upon their subordinates they will be deterred by a consideration of the humanitarian phase of the matter from taking such action as the situation seems to demand.

"The department accordingly reiterates its recommendation that there be provided through legislative enactment an equitable system of retirement—a system which will best subserve the interests of efficiency and economy and at the same time insure fair financial provision for those who through long and faithful service are entitled to some consideration in their declining years."¹

Former Secretary of the Treasury W. G. McAdoo also stated:

"The need for an adequate civil-service retirement law is becoming more imperative each year. The introduction of new and

¹ Ibid pp 70-71.

improved methods of performing the constantly increasing volume of work in the department has served to emphasize the need for making some provision for the older employé who is unable to keep step with progress. It does not seem humane or fair to discontinue arbitrarily the service of superannuated employés who have given their entire energies and spent the best years of their lives in the service of the Government. To do so would in most cases leave the employés without any source of income and result in serious hardship. To reduce aged employés does not entirely meet the need of the case, as it leaves the employé on the rolls of the department.

"I believe that the enactment of an equitable retirement law for superannuated and disabled employés of the civil service in the Treasury Department would result in actual economy and increased efficiency in the handling of the business of the department, and I therefore recommend this subject to the Congress for its serious consideration."¹

FEDERAL EMPLOYÉS' PENSIONS

During the past two decades practically every Congress has had presented to it a bill providing for retirement of the employés in the United States Service. Furthermore, Presidents of the United States, Cabinet officers, the United States Civil Service Commission and heads of executive departments have repeatedly advocated and pleaded for the adoption of some such measure. Among the chiefs of the government departments, as was seen, there has been unanimous agreement on the necessity for a pension provision for Federal employés by means of which the continuously serious growing problem of superannuation could be remedied to some extent. Notwithstanding the pleas of high government authorities, as well as the energetic campaigns carried on by the organized employés of the United States, and by other social agencies, it was not until the end of the sessions of the Sixty-sixth Congress—in the spring of 1920, in the face of a presidential elec-

¹ Ibid p 72.

tion—that the national legislature finally saw the necessity of adopting such a plan. For many years the government employes bitterly complained against the inactivity of Congress and accused the members of the Federal legislature of fear that such a measure would be unpopular among their constituents at home.

The need of finding a solution to the problem of superannuation, in order to preserve at least some standard of efficiency in government departments, was becoming graver day by day. At the same time many of the employes of the government who had faithfully given the best part of their lives to the service of the nation were, when they had become too old, mercilessly separated from the service. These employes, broken in body and spirit, were turned adrift penniless in their old age to shift for themselves as best they could, and stand out as inspiring examples for the future loyalty of service on the part of their fellow workers who were on the threshold of old age. No pen picture can accurately visualize the sufferings of such men who have been turned adrift in their helplessness and compelled to face the poorhouse as the only place of refuge. A glimpse of the fatalism of some such men and the bitterness of feeling developed by others may be gleaned from the following letters:¹

Washington City Post Office,
Office of the Postmaster,
April 18, 1914.

Mr. John B. Lerch,
Clerk, Mailing Division,
Washington City Post Office,

Dear Sir: In view of the fact that your services are of little value to the office, due to your impaired efficiency, on account of

¹ Published in Report of Hearing of Senate Com. on Civil Service and Retrenchment.

advanced age and physical infirmities, I regret having to inform you that your name is under consideration for separation from the service. Any statement which you may desire to make in the premises will receive careful consideration if submitted within five days after the receipt of this letter.

Very respectfully,

Otto Praeger, Postmaster.

To Mr. Praeger's communication Mr. Lerch made the following reply:

Hon. Otto Praeger,
Postmaster, Washington, D. C.

Dear Sir: Yours received, and in reply I have to say that by the recommendation of Abraham Lincoln, President of the United States, I was appointed a clerk in this office April 1, 1865.

It is not my place to defend my ability to do my work; for this you please must inquire of my superior officers.

I am 81 years old, but my record will show how little time I have lost on account of sickness in all these years, and I firmly believe that I am still able to perform work to the satisfaction of those over me. Furthermore, I have to inform you that, through misfortune, I am penniless, my wife having been a helpless invalid for the last 15 years.

One thing is sure, if I have to go out of this office I do so with a clear conscience that in all my service I have done my duty faithfully.

(signed) John B. Lerch.

Another post office clerk, in San Francisco, noticed the following item in the Union Postal Clerk:

"Rodney, a faithful Army horse, who has served the Government steadily for 20 years is to be retired from active duty and cared for by Uncle Sam for the rest of his life. This will be done on recommendation of Capt. C. D. Mortimer, Third Field Artillery. Rodney was never sick a day, rendered signal battle service in the Spanish-American War, was sold at auction as too

old for service, was bought by a member of the Third Field Artillery for \$107, rendered hard service at Fort Myers, and is now pensioned."

And he writes to the Secretary-Treasurer of his Union:

My dear Mr. Flaherty: I see by the February number of the Union Postal Clerk that after many years' service the Government has pensioned an old horse. All I can say is "Lucky old horse," and for the purpose of drawing a pension it would have been better had I been born a horse than a human being. I have been a "wheel horse" for the Government for the past 50 years and can not get a pension.

(signed) John W. Perry.

And Mr. Flaherty adds some information, and comments:

"After 50 years a clerk in the San Francisco Post Office, entering the service in 1861, and on the very day he completed his golden anniversary of 50 years' service he was told he was inefficient and would have to take indefinite leave of absence, without pay of course, and now he is unable to get back in the service. He is 80 years of age, has devoted 50 years, 50 productive years of his life, all this time devoted to the perfection and management of the Postal Service. Only in the ranks, unknown and unheard of, a minor cog; but I know that it is men like Perry who made our Postal Service what it is today—the most efficient mechanically of any government institution, and I emphasize mechanically. It is not humanely efficient. It has not yet developed any system whereby the dismissal of these old men can be eliminated."

The reports in regard to the effects and the working out of the recent Sterling-Lehlbach Act of Congress providing for the retirement of employés in the classified civil service, are expected to yield some very valuable data on the problem of Old Age Pensions. As these lines are written, however, the law has just become operative and predictions in this respect would be of no value. The law provides for the compulsory

retirement on a pension of all employés in the classified civil service of the United States who have reached the age of 70 years and have rendered 15 years' service. Mechanics, letter-carriers and post office clerks are eligible for retirement at 65, while railway postal clerks may retire at 62 years of age after they have rendered at least 15 years of service. An employé, if he so desires, may, at the discretion of the head of his department and approval by the Civil Service Commission, be continued in his position beyond the retirement age for a period of two years and at the end of that period may be continued for another two years and so on until ten years after the act has become effective when it is provided that no employé shall be continued in the service for more than four years beyond the age of retirement.

The Pension Law just enacted provides for a compulsory contributory system of retirement. All employés are made to contribute two and one-half per cent. of their income, which is deducted from their monthly salaries or wages, by the Treasury Department, and which goes to help make up "the civil service retirement and disability fund." This contribution, it is estimated, will cover about one-third of the expenses of the act. The remaining two-thirds will be paid by the government as its contribution. The entire cost of this retirement provision was estimated by Senator Smoot to probably amount to over \$2,000,000 for the first year increasing steadily to amount to more than \$18,500,000 in the 77th year of its operation.

The amount of the pension is generally based upon two per cent. of the average annual salary multiplied by the number of years of service. Thus Class A after thirty years of service receive a pension amounting to sixty per cent. of their yearly salary; Class B, twenty-seven years of service fifty-four per cent. of salary; Class C, twenty-four years of service forty-eight per cent. of salary, etc. The maximum amount of pension, however, is set at \$720 which is sixty per cent. of an annual salary of \$1,200 and which means that while the higher

paid men contribute proportionately more for their annuities, they can receive no pension on salaries above \$1,200 per year. There was little objection to this on the part of the higher priced men as they were glad to forego larger annuities for the sake of getting the needed pension system adopted. The minimum pension is set at \$180 per year.

The Sterling-Lehlbach Act also provides benefits for those who become disabled before reaching the retiring age. This must be preceded by proper medical examination certifying that the disability is "not due to vicious habits, intemperance, or wilful misconduct." The amount of the pension is computed in the same manner as provided for the regular pension. No benefits are paid for less than fifteen years' service.

In the case of withdrawal from the government's service, or death before the pensionable age, or if an annuitant dies before he has received benefits equivalent to his contributions and accumulated interest, his contributions or the difference in his contributions is to be returned to him or his legal heirs in a lump sum, together with four per cent. compound interest. The Commissioner of Pensions under the Secretary of Interior is charged with the administration of the Act. In case of a complaint an appeal may be taken from the Commissioner of Pensions to the Secretary of Interior.

MILITARY PENSIONS OF THE U. S.

In contrast with the, until recently, lamentably deficient provisions for old age assistance, and the total neglect by the government of its permanent and peace time employes, must be considered the exceedingly generous care the government has taken of those who had given it temporary service during times of war.

"After all," says Dr. Rubinow, "it is idle to speak of a popular system of old age pensions as a radical departure from American traditions, when our pension roll numbers several thousand more

names than that of Great Britain. It is preposterous to claim that the cost of such a pension would be excessive, when the cost of our pensions is over \$160,000,000, or more than three times as great as of the British pension system. In the face of such a cost, it is childish to consider the system of war pensions as a sentimental problem only, and to speak of the millions spent for war pensions as the cost of the 'Civil War'. We are clearly dealing here with an economic measure which aims to solve the problem of dependent aged and widowhood. No state legislator will claim, unless it be in a peroration to a fourth of July outburst of oratory, that the constant pressure for extension of war-pension benefits, and the systematic political work which creates such pressure, which neither party has had the courage to resist—is all the result of patriotic enthusiasm only. It is necessary to face the situation frankly, and apply to the system of war pensions the ordinary standard by which any piece of legislation is judged, inquire how far it meets the problems, how efficiently, economically, and justly it may work for their solution.”¹

The amounts spent on war pensions in the United States are startling. Since the end of the civil war—1866 to June 30, 1919—the total amount paid out in pensions, exclusive of the cost of maintenance of the Pension Bureau, was \$5,521,-074,958.16. In 1866 there were 126,722 pensioners and the annual expenditures on pensions amounted to \$15,450,549.88. The number of pensioners was highest in 1902 when it reached almost the million mark. Since that time the number has been steadily declining. The total number of pensioners in 1919 was only 624,427. The total amount paid out in pensions, however, has risen from year to year. In 1902 when there were 999,446 pensioners the amount paid out in pensions was only \$137,504,267.99, but in 1919 the total amounted to \$222,159,-292.70. Furthermore, although there were 22,368 pensioners less at the end of the fiscal year of 1919 as compared with the previous year, the amount paid out as pensions increased from

¹ I. M. Rublnow, *Social Insurance*, pp 404-405.

\$179,835,328.75 in 1918 to \$222,159,292.70 in 1919, which is an increase of \$42,323,963.95 in one year.

Practically every Congress sees some new War Pension legislation enacted, whether by the passage of general or of special acts. At the close of the fiscal year ended June 30, 1919, the number of pensioners in each class under the general pension law and special acts of Congress was as follows:

Classes	Number of Pensioners	
	General Laws	Special Acts
Regular establishment:		
Invalids	14,128	527
Widows, etc.	4,104	459
Act Feb. 6, 1907, survivors.....	579	....
Act May 11, 1912, survivors.....	260,127	....
General Law, Civil War:		
Invalids	6,288	4,190
Widows, etc.	39,552	4,595
Act June 27, 1890:		
Invalids	267	....
Minors, etc.	2,205	....
Act April 19, 1908, widows.....	250,471	....
Act Aug. 5, 1892, nurses.....	91	38
War with Spain:		
Invalids	21,891	1,491
Widows, etc.	3,488	316
Act July 16, 1918, widows, etc.....	....	....
War of 1812, widows.....	1,065	8
War with Mexico	73	....
Survivors	207	8
Widows, etc.	2,577	164
Indian War:		
Survivors	3,398	38
Widows	1,964	63
War of 1917:		
Invalids	60	1
Widows, etc.	54	....
Total	612,529	11,898

During the same year the following pension amounts were paid out on account of the different wars:

Civil War	\$212,211,890
War with Spain	3,878,189
War of 1812	17,704
War with Mexico	758,156
Indian Wars	1,561,587

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Regular establishment	3,701,782
War of 1917	80,081
Total	<u>\$222,159,289</u>

The average amount of the pension of the different wars during the fiscal year 1919 was as follows: Civil War, \$373.39; War with Spain, \$137.28; War of 1812, \$218.57; War with Mexico, \$256.48; Indian Wars, \$285.84; Regular Establishment, \$192.62. The average amount for all pensions was \$355.78 per year. In 1920, Congress further increased the pensions of civil war veterans to \$50 monthly and those of widows of veterans to \$30 per month. This was estimated to add about \$65,250,000 to the present pension budget. Veterans of the World War are cared for by the War Risk Insurance Bureau which is expected to prevent the burden of war pensions from falling as heavily upon the taxpayers as in previous wars.

That Congress in passing war pension legislation has practically never taken cognizance of the economic necessity of such pensions has been demonstrated so frequently and is so generally known that there is little need for its lengthy discussion here. The best indictment against the Congressional policy with regard to war pensions is brought by Dr. Rubinow, who comes to the conclusion that: "the most singular feature of the American System is that it primarily rebounds to the advantage of a class least in need of old age pensions." He states:

"The extensions (of war pensions) were based primarily upon a more lenient attitude towards the requirement of past services and records rather than upon any effort to adjust this annual distribution of enormous sums to economic need. As a result the preposterous situation is created that various sized portions of this official melon are given to thousands of people who may not at all require it. No satisfactory statistics on this point exist, but it is a matter of common knowledge not only that pensions are obtained upon fraudulent representation of past services, forged rec-

ords, fictitious marriage certificates, etc.,—an aspect of the problem sufficiently important in itself, which need not be discussed here at any length however,—but what is economically much more important, a large proportion of this amount goes to individuals who have no economic need whatsoever of financial assistance.”¹

It is a fact, known to all that but few of those who are now receiving United States Pensions are really in need of them; nor do those who receive pensions represent the most needy class. The present war pension schemes reach largely the native aged who are generally representative of the middle class of this nation. The great bulk of wage-earners, which is made up largely of the foreign born Negroes, benefit little or nothing from such pensions. War pensions as a method of relief in old age for the great mass of aged wage-earners, despite their tremendous cost, are obviously inadequate and ineffective. As pointed out by Rubinow in conclusion:

“The economic effects of the war pensions have been so carelessly treated in the pension legislation that it surprises no one to find a war veteran drawing a substantial salary as a public employé (after having obtained the appointment under privileged conditions), and at the same time his war pension for disability; and perhaps the most striking and ludicrous example of this was the well known case of a prominent veteran, who some years ago received one month a high pension especially voted by Congress because of total and permanent incapacity, and immediately after that an important and responsible position in the Federal Civil Service, which carried with it a salary of \$8,500 per annum.”²

PENSIONS FOR STATE EMPLOYÉS

Massachusetts is practically the only State in the Union which has established (since 1912) a system for the retirement of State employés exclusive of employés of counties and municipalities. A number of States, namely, Louisiana, Maine,

¹ Social Insurance p 406

² Social Insurance p. 409

Maryland, Massachusetts, Minnesota, New Jersey, New York, Rhode Island, and Pennsylvania, have had pension systems for State judges of the Supreme, Superior and other courts, as well as for certain limited classes of State employes, for some time. The New York provision for judges' pensions applies also to all employes of the supreme court of the first, second and ninth districts. The latter also requires a contribution of one per cent. of the annual salary of the employes. All the other state pension provisions are non-contributory and the amounts of the pensions vary from one-half to the full salary of the pensioner. Most plans set the retirement age at 70 years but in case of disability retirement is generally permitted at an earlier age.

The Massachusetts Retirement Plan for state employes enacted in 1911 represents a compromise between the contributory and non-contributory principles. In the Bay State system both the State and the employes share the expense of the retirement system equally between them. The employes are required to contribute regularly from their wages or salaries in accordance with the rate set by the administering board. It is provided, however, that this is to be not less than one per cent. nor more than five per cent. of the annual salary or wage.

The voluntary retirement age is set at 60, and at 70 years the retirement is compulsory. An employe may also retire after 35 years of continuous service, regardless of age. The annuity is computed as follows; First, he receives an annuity of such amount as his own contributions have earned for him, and, secondly, a pension from the State which is equivalent to his own annuity. The total amount of the retirement allowance including the annuity and pension cannot be less than \$200 nor to exceed one-third of the annual salary.

The system is administered by a board of three members which includes the State Treasurer, a second member elected by the employes and a third chosen by the former two. Par-

ticipation in the plan was made compulsory for all employés who entered the service after the fund had been established, but was left voluntary for employés who were in the service at the time the law was enacted. More than half of the latter class of employés, however, joined the fund when the act went into effect.

The Massachusetts Retirement Act also provides that the contributions of employés be refunded upon leaving the service of the State before the pensionable age. Since the establishment of this system, it is claimed by reliable authorities, it has worked to the satisfaction of both employés and administrative officials. It is stated¹ that it has brought about an improvement in the efficiency of the service through the retirement of inefficient employés and has created a feeling of greater well-being and security on the part of employés of the State.

MUNICIPAL EMPLOYÉS' PENSIONS

The movement for the pensioning of municipal employés, such as policemen and firemen, although it came later in the United States than in European Cities, has nevertheless, preceded the entire campaign of old age retirement provisions for all other classes of workers. In the United States this movement is about fifty years old. Municipal employés' pensions being the earliest to be adopted in this country, it is therefore, not surprising to find these funds the most haphazard and unsystematic of pension experiments. In reviewing these numerous pension funds one fails to detect any con-

¹ On January 12, 1921 a Massachusetts joint legislative Committee in a report on pensions submitted to the Legislature declared: "The contributory system has proved to be a success in the case of those State employés and teachers who have been brought into it. It places a reduced financial burden on the State and provides through the employé's contributions a savings account which is payable to the employé or his estate in case of his resignation or death; it fixes an age at which all must retire, thus safeguarding the public service against inefficiency resulting from superannuation; it establishes a co-operative partnership between the employés and the public;—each shares in the management, each shares in the expense and each derives benefit from the system."

sistency with regard to either general principle, system, or standard, and excepting the very recent ones, practically none have given much thought or consideration to actuarial principles. Almost every pension scheme in operation is the product of a long process of amendments and modification which it has undergone since its original establishment. To cite a few instances: the Pittsburgh Firemen's and Policemen's funds were amended a number of times since their establishment in 1893 and new amendments are further considered. In Cleveland, before the establishment of the city's present Police Fund, the latter was operated under three different plans, with a total of ten amendments. In New York City the Firemen's Pension and Benefit systems were amended forty times before the general consolidation with the funds of other boroughs took place a few years ago. In October, 1920, a new law went into effect creating the New York City Employés' Retirement System, dividing the municipal employés into three classes: labourers and unskilled workers, mechanical and skilled workers, and clerical, administrative, professional and technical workers, including heads of departments.

No less confusing and chaotic are the administration and the classes of workers protected by these municipal funds. Some of these are administered in connection with State or County funds, while others are administered by the city alone. Again, certain classes of city employés are well taken care of and others neglected by some cities, while other cities act vice versa. Only very few cities, however, make provisions for the general municipal employés exclusive of firemen, policemen and teachers. There is also a great difference to be found in regard to the principles of contributory and non-contributory schemes, and where contributions are provided, they generally range from one to three and one-half per cent. of the salary. The annuity paid also varies from one-half to three-fourths of the salary at time of retirement. The retirement age is not

specified in many funds, depending largely on the years of service. Where age provisions are made they range from 55 to 70 years, and where the length of service necessary for retirement is stipulated it is usually about twenty years. In a number of cases benefits are also provided for widows and dependents.

In one-third of the 167 firemen's and policemen's funds analyzed by the United States Bureau of Labour in 1910 the annuity was an entirely gratuitous gift of the municipality, while in the other two-thirds the funds were made up in part by the municipality and in part by contributions from the employes.

In the funds studied by the above Bureau it was found that in about 40 per cent. of these the sole qualification for pensions, on the part of firemen and policemen, was permanent disability incurred while in the performance of duty regardless of age or service. The other 60 per cent. usually specified the length of service at about 20 years, coupled in one-third of the funds with qualifications of age 50, 55, 60 or 65 years.

In only about 40 per cent. of these funds were the employes found to have representation in the management of the foundations. Twenty funds were also found to pay benefits for temporary disability; 36 paid a lump sum death benefit and 113 paid annuities to widows or to other dependents. Where payment was allowed for temporary disability it was generally half of the permanent annuity. Aside from these municipal funds there are also to be found in most localities mutual benefit associations which pay temporary and death benefits and to which the majority of firemen and policemen contribute.

In addition to the regular contributions to these funds made by the municipalities and employes, there is also a miscellaneous source of revenue such as: "fines on policemen" or "fines on firemen," which include not only fines imposed for violation of duty or regulations but also deductions made from pay for lost time, etc. Other revenues are such as "unclaimed

property" and "unclaimed money" which include lost, stolen, or abandoned property in the possession of the police department. Many municipalities provide also that the city's or State's contributions to these funds shall be secured from a special revenue such as taxes on excise, insurance companies, etc.

Complete municipal pension systems including policemen, firemen, teachers and all municipal employes are in operation in the following cities:

New York	Boston	Oakland, Cal.	Yonkers, N. Y.
Chicago	Pittsburgh	Lowell, Mass.	Waltham, Mass.
Philadelphia	Minneapolis	Lynn, Mass.	Brookline, Mass.
			Harrisburg, Pa.

Pensions for policemen, firemen and teachers only, exclusive of other municipal employes, exist in the following cities:

St. Louis	San Francisco	New Orleans	Providence
Cleveland	Milwaukee	Washington	Portland
Baltimore	Cincinnati	Jersey City	Rochester
Detroit	Los Angeles	Seattle	Denver
Buffalo	Newark	Indianapolis	
Louisville	Syracuse	Dayton	Utica
St. Paul	New Haven	Cambridge	Troy
Columbus	Scranton	Trenton	Hoboken
Toledo	Paterson	Albany	South Bend
Worcester	Omaha	Duluth	Terre Haute
Passaic	Hamilton	Niagara Falls	Watertown
Charleston	Auburn	New Rochelle	
Elmira	Mt. Vernon	La Crosse	

The following cities have pension schemes for only one class of municipal employes, i. e., either that of teachers, policemen, firemen, or other municipal employes:

Atlanta (M. E.)	Chicopee (P.)	Allentown (F.)
Fall River (P.)	St. Joseph (F.)	Lima, Ohio (F.)
Salt Lake City (T.)	Wilkes-Barre (T.)	Altoona (F.)
Reading (T.)	Jacksonville (P.)	Pawtucket (P.)
Oklahoma City (F.)	Jamestown (F.)	Binghamton (F.)
San Diego (P.)	Bayonne (F.)	York (F.)
Malden (F.)	Fitchburg (M. E.)	Montgomery (F.)
Berkeley (P.)	Topeka (P.)	Joliet (F.)

Quincy (P.)	Santiago (P.)	Decatur, Ill. (F.)
Bay City (F.)	Woonsocket (P.)	Meriden (P.)
Shreveport, La. (F.)	Norwich, Conn. (P.)	Kingston (P.)

Pensions for teachers and firemen or teachers and policemen only are to be found in these cities:

Wilmington	Lancaster, Pa.	Perth Amboy	Pittsfield
Poughkeepsie	Newburgh	Newport	

The following cities have pensions for policemen and firemen only:

Birmingham	Waterbury	Saginaw	Superior
Spokane	Akron	Sioux City	Dubuque
Grand Rapids	Peoria	Atlantic City	Galveston
Nashville	Fort Wayne	Rockford	East Orange
Bridgeport	Savannah	Augusta	Cedar Rapids
New Bedford	Brockton	Springfield, Ohio	Jackson, Mich.
Hartford	Portland, Me.	New Britain	Aurora, Ill.
Camden	Holyoke	Chattanooga	Lorraine, Ohio
Tacoma	Waterloo	Bloomington	Colorado Springs
Des Moines	Elgin	Clinton, Iowa	Madison, Wis.
Council Bluffs	Haverhill	Salem	Stamford
Zanesville	Kansas City, Mo.	Springfield, Mass.	Chelsea
Richmond	Springfield, Ill.	Davenport	
Youngstown	Mobile	Racine	
Elizabeth	Sacramento	Newton	

The cities of Memphis and Dallas have authorized the establishment of retirement funds, but did not establish such in the period studied. San Antonio had neither established nor authorized one when this investigation was made.

As seen in the preceding enumeration, every one of the eighteen cities in the United States with a population of more than 300,000 inhabitants, in 1910, has a pension fund for its policemen and firemen. The six cities with 200,000 to 300,000 inhabitants also pension their policemen and firemen. Nearly all the cities with populations between 100,000 and 200,000 have some form of pensions for one class or another of municipal employes. In addition, many of the smaller cities also provide one form or another of retirement for particular groups of their employes. Thus thirty-nine of the fifty-four cities with populations from 50,000 to 100,000 have some sort of

pension plan, thirty-one of them pensioning both policemen and firemen. Of the one hundred and twenty cities whose population in 1910 ranged from 25,000 to 50,000, only 69 have any definite pension plan. Fifty-eight cities whose population according to the thirteenth census was less than 25,000 also have either established municipal pension funds or have been authorized to do so. While policemen and firemen are thus fairly well protected in their old age, only a few of the bigger cities—New York, Chicago, Philadelphia, Boston, Pittsburgh, and Minneapolis—have thus far made provisions for their other municipal employés, who constitute the great bulk of city servants.

TEACHERS' RETIREMENT FUNDS

The two primary functions of old age retirement systems are: First, the protection of individuals and their dependents against the contingencies of old age and disability. Secondly, the provision of a means of improving the efficiency and raising the standard of the services rendered, by eliminating from the service the superannuated and disabled who are no longer efficient, and by attracting better ability into the particular service. It is hardly necessary to point out, that nowhere are these functions of greater significance than in our educational system. It is of paramount importance that the best available talent and ability, and that superior men and women should be attracted to our schools for the development of the moral character and ideals of our children. It is further evident, moreover, that teachers living continuously in the dread of old age are not the most desirable persons for the instruction and inspiration of our younger generation. To provide our teachers—the moulders of the future generation—against the day when they are no longer able to provide for themselves, becomes thus not only a matter of justice but an essential factor in the welfare and high standard of our school system. In the case of teachers the problem of relief from superannua-

tion is even more aggravated. It is an admitted fact that our teachers form one of the most inadequately remunerated classes. In many instances, indeed, although their wages are on par with the lowest compensated groups in the particular community, a comparatively high standard of living is required of them. Sufficient saving for old age under the circumstances is thus out of the question. To this must be added the obvious fact that many in the teaching profession—especially is this the case with women teachers—remain unmarried, and ordinarily, have no one to depend upon in old age, which aggravates their problem of superannuation.

It is, therefore, rather surprising to learn that although the United States led the world in establishing compulsory education laws at public expense, it is one of the last to make provision for the care and relief of superannuated and aged teachers. While Russia, under the Czar, established a system of relief for its aged teachers as early as 1819, the first legislative interest in retirement systems for teachers in this country did not come until 1894, when New York City teachers secured the passage of a retirement law in the New York Legislature.

According to Mr. Studensky,¹ the history of the movement for teachers' retirement pensions in the United States may be divided into three distinct periods. (1) The period from 1869 in which there first began the establishment of teachers' insurance and mutual aid associations. (2) The period from 1894 until approximately 1915. This was a period of retirement legislation without regard to sound principles and is still not altogether a matter of the past. (3) The movement just beginning, tending to the reorganization and remodeling of pension systems on a more sound actuarial basis. In the first two periods the government and the public remained indifferent to the voluntary funds established by the teachers themselves. The funds were regarded as private teachers' associa-

¹ Paul Studensky, *Teachers' Pension Systems in the U. S.* 1920.

tions in which the public had no concern. Since 1915, however, the government has taken an active and intelligent participation in the protection of teachers in their old age, as it has begun to recognize the value of such provisions both for the welfare of our educational system as well as for the protection of the teachers.

In the beginning, teachers' protective associations were formed largely for the purposes of securing burial or death benefits. These loosely established organizations required no regular assessments, but assessed their members from fifty cents to a dollar whenever necessary. Permanent capital they considered unnecessary and therefore had none. Later these burial and death benefit associations branched out to include also sick benefits for a limited period. This resulted in the introduction of a regular system of dues payments which ranged from one to seven dollars per year. As they progressed they were still further extended to provide for old age and disability annuities, and regular contributions based upon one or two per cent. of the annual salary were introduced. The teachers' contributions were generally swelled by donations from charitable agencies and incomes from "benefit entertainments" arranged for the funds.

Government participation in teachers' retirement systems first began in 1894. By this time the teachers realized the failure of their voluntary associations and requested the assistance of the city government. They were encouraged and stimulated to ask for this help by the fact that the city had already established pensions for other municipal employes, such as policemen and firemen. They justly called attention to the benefits derived from such systems in removing the dead wood of the school system, as well as increasing the efficiency of teachers, which would result in such a plan. As a result of this campaign the New York Legislature in 1894 provided for the establishment of a teachers' retirement fund. The resources of this fund were to come, on the part of the teachers

themselves, only from deductions made from the pay because of absence. The teachers were not required to make direct contributions. In the following year or two, similar funds which, however, required contributions from teachers, were established in Brooklyn, Detroit, Chicago, St. Louis, San Francisco, Buffalo, Cincinnati and the State of New Jersey. Most of these plans were compulsory in character and the teachers' contributions amounted to one per cent. of their salary.

As practically none of these plans took any account of actuarial principles of insurance, it soon became evident that the teachers' contributions alone were not sufficient. It did not take long to discover that in practically all of these systems no provision was made for permanent capital, and the funds needed to meet obligations as they arose "were provided only by hopes." The teachers then began to ask for direct contributions from the cities or states, pointing out the benefits to be derived from such provisions by the school system and to the fact that other funds of municipal employes were already helped along by these cities or states. These arguments were so successful, that for more than two decades afterwards the government's contributions continued to rise steadily while the teachers' contributions in most instances remained stationary. Furthermore, from 1894 to 1917, according to Mr. Studensky,¹ no less than six cities and five states adopted teachers' pension schemes in which the government bears the entire expense of the fund. During the same period sixty-four cities and fourteen states established systems of joint contributions by the government and the teachers.

These funds, excepting those established more recently in Connecticut, Massachusetts, New York and Pennsylvania, and which are organized in accordance with sound actuarial principles are, says Mr. Studensky:

"Insolvent in so far as they have failed to provide for adequate re-

¹ Ibid, p 26.

serves with which to meet accrued liabilities as well as liabilities incurred through service rendered since the establishment of the system. It matters not that most of these systems are still able to make payments, still have unexpended cash on hand, and are and will for a few years continue to be able to meet their payments. They are no less insolvent than the systems which are already bankrupt. Only by shifting their huge deficiencies ahead year by year do they continue their existence. By doing so they increase of course these deficiencies because of the continued failure to discount future liabilities. The longer they operate, therefore, the greater are the deficiencies and the more insolvent the funds become."¹

The main features of these funds may be summarized as follows:

Retirement age.—The retirement age is not specified in the case of many funds, the former being dependent entirely upon the number of years of service. Where provision is made for the age of pensioning it is generally 60 years. In some cases also it is set at 60 for men and 55 for women. The period of service required before one can qualify for a pension, ranges from 25 to 30 years, except in a few instances where only 20 years or less, or 35 or more years of service are required. In many systems the age attained and the number of years of service are alternate conditions for retirement, i. e., a teacher may retire upon completing a fixed period of service regardless of age or, having reached the maximum age, may be pensioned even though he or she has been in the service a smaller number of years. In considering service years, credit is usually given—except in the newer systems—for teaching experience in other states or localities.

Pension amount.—The amount of the pension is usually set either at a fixed sum of \$500 or less per year, or is determined by the number of years of service; or as provided in some funds is entirely dependent upon the average salary received. The annuity in these cases is based approximately upon one-half of

¹ Ibid, p 29.

the salary of the last few years or upon both salary and length of service. In the new funds it is generally provided that the benefit is divided into an annuity and a pension. The first is based upon the contributions and age of the pensioner while the pension equals that of the annuity and is given by the government.

Contributions.—The contributions to the funds in most cases are derived from three general sources. The contributions of the teachers themselves; appropriations from the different school boards; and whatever is derived from accrued interest, donations, legacies, bequests, and so forth. In most systems the teachers' contributions to the funds amount to from one to three per cent. of their annual salaries. These are usually graded in accordance with the number of years in the service, the contribution being highest for those longest in the service. In the new systems the contributions of each teacher depend upon the age at which he begins to contribute and upon the number of years of prior service. The "pension" is fixed at a certain proportion of the teacher's salary and increases with each year of service up to 35 years, when it ceases to increase.

In case of mental or physical incapacity partial annuities are generally provided in most funds. These are computed by taking a percentage or fraction of a percentage of the yearly salary multiplied by the number of years of service. A minimum period of service is usually required even for the granting of partial annuities. This latter period varies from five years in most city funds to twenty-five years in a few others. In practically all retirement systems, provision is made for both compulsory and optional retirement age periods. The latter is usually determined at the discretion of the Board of School Directors, and may precede the compulsory retirement age period by about five years.

Of the 24 systems analyzed in detail by Mr. Studensky, it was found that while 19 of these exact contributions from the teachers, only eight provide refunds in case of death. Of

the latter a few provide for the refund of one-half of the contributions without interest; in others, especially the newer ones, the entire accumulation with compound interest is returned. In case of dismissal or resignation most systems provide for the return of all contributions, although a number make no such provision.

In 1917 there were in existence in the United States 94 teachers' retirement systems; 22 of which were State systems and 74 local systems. These covered a total of 332,554 teachers. Fifty-seven of the 94 systems have been in existence only since the last decade. The extent to which these funds may be expected to take care of the superannuated teachers may be appreciated from Professor W. F. Willoughby's summary in his introduction to Mr. Studensky's book. To quote Prof. Willoughby:

"Of the nearly one hundred teachers' retirement systems now in operation in the United States, only a few can escape total collapse unless fundamentally altered. Some of these systems include ten, fifteen, or even twenty thousand teachers each. Twenty-two of them are state-wide in their operation. They apply to over three hundred thousand public school teachers. i. e., to nearly one-half of the total number of teachers in the United States and they have liabilities in the neighbourhood of half a billion dollars, for the discharge of which, in large part, there are no assured assets. Besides the necessity for putting these systems upon an equitable and sound financial basis, there is need for the establishment of retirement allowance systems in those states and localities which as yet have none. At present seventeen states have neither state nor local pension systems for their public school teachers, and in twelve of the remaining states there are only a few local systems. Approximately one-half of all the public school teachers in this country are not covered by any pension provision."¹

¹ Ibid, pp XV-XV

CHAPTER X

OLD AGE BENEFITS OF FRATERNAL AND TRADE UNION ORGANIZATIONS

FRATERNAL INSURANCE

The earliest forms of mutual assistance and insurance benefits organized by the middle and working classes were through the agency of fraternal organizations. Many of these had their beginning in the mediaeval trade guilds. The industrial revolution, with its resultant hazards, spurred and swelled these organizations tremendously until there have been developed the numerous fraternal orders and secret societies now in existence most of which have benefit provisions of one form or another.

The fraternal organizations, as incorporated associations, supply to their own members on a co-operative plan, various forms of insurance—largely against sickness, death and disability. When confronted with problems of old age relief, these societies, ordinarily raise only sums sufficient to cover contingencies as they arise. This usually results in the younger generations granting aid to the older members with the expectation that in their old age they, too, will be provided for in a similar manner. The inevitable effect of this is that as the burden of supporting the older members becomes heavier, fewer younger members are attracted into these societies. Furthermore, many of the younger group, when confronted with heavy assessments, drop out and leave the older members to hold on until the final collapse. It is, therefore, not surprising to discover that the early history of these societies, as insurance instruments, is strewn with financial wrecks.

Few of these societies have even today adjusted their rates on a scientific basis or upon actuarial principles, and many are still insolvent.

Of the hundreds of fraternal societies in the United States the number of those having benefits which may be classed as old age pensions is insignificant. Only three out of 117 fraternal associations in Massachusetts in 1907 had such benefit provisions. Still more negligible is the number of aged who are actually in receipt of such benefits.

"A Circular of inquiry addressed to 60 of the leading fraternal beneficiary corporations organized outside of the State of Massachusetts brought 36 replies. Of the associations replying, 31 stated that they pay an old age pension and annuity allowance, or gratuity in some form. Five have no old age benefits. Some of the latter, however, pay benefits for total and permanent disability. The age of 70 is the usual age at which an old age pension is payable. Twenty-four societies out of 26 answering the inquiry on this point give the age 70, and two the age 75, as the pensionable age. In many cases permanent disability is also required as a condition for the receipt of an old age pension. The amount of the pension is commonly one-tenth of the face value of the insurance certificate carried by the member. It is usually provided that the one-tenth shall be paid annually until the whole amount of the certificate has been canceled, or for ten years, or until the age of 80. Twenty-five associations pay this amount of benefit. Two societies pay only one-twentieth of the amount of the certificate; one pays one-fifth in five installments; and one pays one-half of the certificate upon its surrender. The great majority of the societies have thus far paid nothing on account of old age benefits, as they have been organized but a short time and payments are not yet due. Fourteen societies report payments on this account, as follows: \$100 for two members; \$200 for one member; \$200 for two members; \$400 for one member; \$400 for two members; \$3,896.40 for 12 members; \$7,276.58 for 17 members; \$2,642.78 for 24 members; \$5,700 for 34 members; \$5,125 for 56 members; \$10,000 for 200 members; \$14,800 for a number of

members unstated; \$49,021.85 for 385 members; and \$104,799 for 748 members."¹

The Pennsylvania Commission also studied 155 fraternal organizations listed in the Report of the Insurance Commissioner of that State. The membership of many of those organizations ran into the thousands. The report listed 95 fraternal corporations with charters from other States and 59 with charters from Pennsylvania. In the case of the former only nine were listed definitely as giving old age benefits. The number of Pennsylvanians receiving such benefits was 31. A letter of inquiry addressed to all the Pennsylvania organizations brought thirty-nine replies. None of these paid old age benefits as such. Thirty-two paid no benefits which could even be classified as superannuation allowances, although a number paid disability benefits.

On May 11th, 1921, the Indiana State lodge of the Eagles adopted the following resolution:—

"WHEREAS, Modern industry, with its intricate, swiftly moving machinery, and rush for production, requires the steady nerve, ready initiative, and exhaustless energy of youth, and places the elderly workman at a serious disadvantage, even if it does not debar him from employment; and

"WHEREAS, Experience has proved that the remuneration received during his productive years is, in many cases, through no fault of his own, utterly inadequate to enable the workingman to "lay by" sufficient to provide for the non-productive years of later life—statistics showing that in the United States, alone, there are 1,250,000 such old-age dependents on public and private charity; and

"WHEREAS, Such charity, with its brand of pauperism, inflicts an unjust stigma upon those unfortunate victims of our industrial system who have expended the energy of their vigorous years in production for the benefit of society; and

"WHEREAS, The pension is not a form of charity, but an honorable recognition of hitherto not fully rewarded service; and

¹ Massachusetts Report, pp 168-69.

"WHEREAS, Among civilized nations, the United States is the only prominent one that has not in some form or other recognized the obligation of the state to the humble toilers whose labours are the basis of its prosperity; and

"WHEREAS, The Fraternal Order of Eagles is particularly interested in this question, not only because of the economic status of a large portion of its membership, but also because of its fundamental principle of upholding justice. Therefore, be it

"Resolved by the Indiana State Aerie, That we are in favour of governmental old age pensions, and that we invite our sister State Aeries and the subordinate Aeries of the Order to unite with us in requesting the Grand Aerie of 1921 to take such action as will awaken public sentiment to the wisdom of State and Federal provision that shall remove from the minds of the labourers of the land the haunting fear of want and pauperism in old age."

TRADE UNION SUPERANNUATION BENEFITS

Mr. Samuel Gompers, President of the American Federation of Labour, stated in a letter addressed to the "Committee on Miners' Home and Pensions": "The general purpose—that the organization ought to take care of its aged and indigent members, and to make some provision for their welfare and protection—is a most worthy one. It is in accord with the general fraternal concept that underlies the whole organized labour movement. It has much in common with the more sensitive social conscience that has led to general provisions for those in want." He further warns that "Many of the proposals for social insurance are of a compulsory nature. Wage earners now find themselves confronted by this alternative; either labour organizations must make more comprehensive and more adequate provision for trade union benefits, or else they will have forced upon them compulsory social insurance under the control and direction of government agencies. Compulsory social insurance will inevitably result in supervision by the Government of the normal activities of trade unions and in the delegation to governmental agents of all

matters that vitally affect the interests, the rights, the welfare and the freedom of wage-earners."

It is also the general conviction of trade unionists, that a pension paid by the union to its old members is of inestimable value. Trade union experience, with established benefit features, has proved these to be sources of strength. They are "holding and binding the membership together in a bond of human sympathy, winning the admiration and respect of even those who are opposed to union organization." As an organizing factor, it is invaluable. It attracts and prompts to identify themselves with labour organizations, members who would perhaps otherwise remain on the outside. The fact that a member is rewarded for loyalty to the union by being provided for in his declining years not only promotes greater promptness in the payment of dues, but reduces the lapses of dues to a minimum. Furthermore, it causes many to consider well before contemplating the severing of their connection with the union for any but very serious reasons.

It would appear from the preceding that among trade unions at least—where the principle of fraternal brotherhood is most firmly established—there would be found complete measures and comprehensive schemes for the protection of their members in their declining days. This, however, is not the case; and thus far, the American labour movement has done comparatively little in the way of providing opportunities for protection against old age. While it is true that the more radical element in the labour unions abhor the idea of belonging to an "insurance company" rather than to a class-conscious labour organization, the influence of this group has as yet been comparatively ineffective and the lack of old age provisions cannot be credited to its opposition.

The 1908 Report of the United States Commissioner of Labour lists 18 Trade Union organizations as paying benefits for temporary disability and death. Four of these pay benefits for temporary disability, permanent disability, and

death; three pay benefits for temporary disability, permanent disability, death and superannuation, and two pay benefits for temporary disability, permanent disability, death and superannuation and death of members' wives. Of the 83 unions that pay death benefits, 18 pay permanent disability benefits. Only four were paying superannuation benefits. Four other unions were at that time accumulating a fund for the payment of superannuation benefits which are now in operation.

THE INTERNATIONAL TYPOGRAPHICAL UNION

The first American Trade Union to institute an old age pension system was the International Typographical Union. The history of the pension system of this labour organization is so interesting and indicative of the whole problem of fraternal insurance that it is of value to discuss it at length. This union, which began to take care of its aged workers as early as 1892, has ever since been in the vanguard of the movement to extend old age pensions to all persons. As early as 1894 the International Typographical Union opened its Union Printers' Home at Colorado Springs, Colorado, in order to take care of the old and infirm members, "who through their steadfast loyalty and many sacrifices to the I. T. U. have made the present organization possible." After several years of experience with this Home—generally conceded to be a good one—the I. T. U. became aware of the fact that many aged and incapacitated members were unable to avail themselves of the benefits of the Home because of family ties and long associations in their respective communities. Once this was realized, to further insure the members against abject poverty and public or private charity, an old age pension system was established at the annual convention of the Union in 1907. This became operative in March, 1908.

The plan, as originally adopted, provided for the payment of four dollars per week to members 60 years of age, having

a continuous active membership in good standing of twenty years, unable to obtain sustaining employment at the printing trade, and not earning more than \$4.00 per week at the trade. At the 1910 Convention the law was amended so as to render eligible to pension, members 70 years of age, having a continuous active membership in good standing of ten years. Provision was also made in the law for members totally incapacitated for work whose applications for admission to the Home had been disapproved by reason of their affliction; such members were required to have twenty years' continuous active membership in good standing.

In 1911, at its convention in San Francisco, the I. T. U. finding that the preceding amendment still did not reach a large number of men whom it was necessary to assist and also that the experience of the first few years of its pension fund warranted a further extension of the benefits, increased the pension allowance to five dollars per week to the following three classes of members:

First: Members 60 years of age who have been members in good standing for a period of twenty years, including and ante-dating the enactment of the pension law, and who find it impossible to secure sustaining employment at the trade. Applicants under this provision of the law must have been members in good standing at the time the pension law became effective and must have maintained active membership since that time.

Second: Members who have reached the age of 70 years and who have been in continuous good standing for a period of ten years and who find it impossible to secure sustaining employment at the trade.

Third: Members who are totally incapacitated for work, who have been continuous active members for twenty years, and whose applications for admission to the Home have been disapproved because their afflictions are such as to render them ineligible for entry to that institution. In January, 1920,

the pension was further increased to six dollars per week.

The fund for the payment of pensions is provided by a tax of one-half of one per cent. of the weekly earnings of all members.

Since March, 1908, when the assessments were first made, the total receipts of this fund up to May 31, 1920, were \$3,856,161.09, from the tax assessment, \$204,833.59 was derived from interest, and \$1,379.50 from returned pensions. The total receipts were \$4,095,467.02.

The expenditures made during the same time were \$3,022,449 paid to pensioners; and \$86,158.26 for administration and registration system. The balance of the fund on May 31, 1920, was \$986,859.76.

The financial operations of this fund during the first few years were declared eminently satisfactory. So much so that when the receipts in the first year exceeded the amount expended there was a temptation to reduce the amount of assessment. Gradually, however, it was found that although the assessments continuously increased, the expenditures on pensions grew steadily until in 1917 the latter exceeded the total income by nearly \$20,000. At the 1917 Convention of the I. T. U. it was, therefore, recommended that the provision whereby a member at the age of 70 of but ten years standing was entitled to a pension be repealed. This was done the following year. During the year 1919, however, the income from assessments exceeded the amount expended on pensions by more than \$200,000, although the number of pensioners during the same year increased from 1,483 to 1,510. The secret of this remarkable revival lies in the increased average earnings of the members of the International Typographical Union upon which the assessments are based. The annual wages of the I. T. U. members increased, according to the Secretary of the Union, from \$1,264.88 in 1918 to \$1,615.25 in 1919.

From the above conditions it is obvious that the future of

the Old Age Pension Fund of the I. T. U. is neither stable nor secure. Should there be a depression in business or a lowering of wages the existence of the fund is threatened, unless the accumulated revenue fund is sufficiently large to protect it. Otherwise, it will necessitate either a reduction in the pensions or an increased rate of assessment.

Up to May 31, 1920, 3,093 applications for pensions by the I. T. U. were received. Of this number 92 petitions were disapproved, 92 were withdrawn and 2,909 were approved. Death removed 1,399, leaving 1,510 pensioners on May 31, 1920. The high death rate of 45.23 per cent. among these pensioners is significant. This is doubtless due to the advanced ages of the pensioners. The average age of all applicants is 64.24 years. The membership of the unions having members on pension in 1920 was 57,520. The pensioners represented 2.62 per cent. of the membership of these unions which in return constituted over three-fourths of the total membership of the I. T. U. During the fiscal year ending May 31, 1920, 156 pensioners were added.

THE ORDER OF RAILROAD TELEGRAPHERS

The Order of Railroad Telegraphers has established a pension fund for life annuities to old and faithful members of the order who have reached an advanced age in life, as well as to those totally disabled through physical and mental infirmities. In order to be eligible to membership, one must be a member continuously for at least five years, immediately prior to the filing of application for membership with the pension fund. Members 60 years of age and over are not eligible to membership in the pension fund after January 1, 1916.

The fund is maintained from an admission fee of five dollars from all applicants for membership in the pension fund and from a semi-annual assessment thereafter "equal to an equal division of \$240 over the period ensuing between the age of

the applicant at the time of admission to the pension fund and his 65th birthday after which his or her assessments shall cease."

When a member of the pension fund attains the age of 65, he is paid a monthly salary of \$20 during the balance of his or her natural life.

In order to obtain a total disability pension, eight years' membership is required. The assessments cease as soon as placed on retirement roll.

The pension fund is entirely self sustaining and can in no way create any financial liability to the Order of the Railroad Telegraphers.

The Secretary and Treasurer of the Order writes: "We will probably discontinue our pension plan at our next convention, due to the fact that this proposition has not received the support of our members as was anticipated. If it is discontinued, all money paid into the fund will be returned to the members of this department."

THE BRICKLAYERS' FUND

The Bricklayers', Masons' and Plasterers' International Union of America has an Old Age and Disability Relief Fund. This Union provides that when a member has been in continuous good standing for a period of twenty or more years, and has passed the age of sixty and who through some bodily infirmity is unable to secure sustaining employment at any occupation and has no means of support, he is then entitled to make application and receive five dollars per week benefit from the Relief Fund.

A member who meets with some accident while working at his trade on a building, during working hours, and is incapacitated from work, and who has ten years of continuous standing to his credit, is entitled to disability relief, of five dollars per week.

The widow of a member, entitled to old age or disability relief, who is without means of support and who has reached the age of sixty years at the time of her husband's death, is entitled to the five dollar weekly payment until she dies or remarries.

It is provided in the by-laws, that each member shall pay into the treasury of the International Union such relief dues as may from time to time be levied by the International Union in convention assembled. The present assessment to the fund is fifty cents a month for each member.

This Union has jurisdiction over the United States and Canada. The general average membership for the first five years' existence of the fund was approximately 72,000. About 4.67 per cent. of the membership made application for relief, of which only about two-thirds were approved. In May, 1920, the union had on its rolls 1,387 old age beneficiaries; in addition 93 were receiving disability benefits and 248 widows were on the relief list. Each of these was drawing five dollars per week as a pension. The Secretary of the union states:

"Our experience shows that the number on the relief roll is continually growing larger, although the last two years the increase has been very small, but it will continue to grow larger for the reason that the percentage of claims rejected are for the reason that they lack a year or two from being old enough, or a year or two from having the required number of years continuous good standing."

OTHER UNIONS

The Brotherhood of Locomotive Firemen and Enginemen reports "an insurance feature in which every member must participate if he is able to pass the required medical examination," but "has no Old Age Relief Fund."

The Order of Railway Conductors of America has a relief fund. All members of this Order are eligible to participate and receive assistance from this Fund, provided they are totally

disabled and without means of support for themselves and families.

It is encouraging to note that the labour organizations which have established pension systems of late, have learned somewhat from the experience of their predecessors and are at least attempting to adjust their rates on a more sound actuarial basis; and in addition they provide many other safeguards for the stability of their funds which do not exist in the earlier systems.

The Pension Association of the Brotherhood of Locomotive Engineers was first authorized in 1912 and was revised and readopted May 22, 1918. Its constitution provides that after the passage of this law, no one 60 years of age and over shall be admitted to membership. On and after June 30, 1916, no application shall be received for membership to the Pension Association from those who have reached the age of 50 years. And on and after December 31, 1919, no one can join who has reached the age of 45 years, while after December 31, 1920, members who have reached the age of 40 years are barred from membership. It is also provided that only such members of the B. of L. E. who are earning at least \$60 per month are eligible to membership in this Association; also "no person who is out of employment temporarily caused by sickness or injury, can become a member of this Association, during such period." In addition to these restrictions, "All applicants for membership in this Association will be required to pass a physical examination by a competent and reliable physician, and those having physical or mental defects may become members of this Association, provided that proper and legal waivers be furnished by such applicants exempting this Association from any and all liabilities resulting therefrom."

Benefits are extended to the following: First: "Any member of this Association in good standing, who was in active service at the time of enrollment as a member, but who from physical or mental cause is totally and permanently disquali-

fied, or has been retired on account of old age, shall receive from the funds of this Association a monthly pension as hereinafter provided.

"Any member of this Association who voluntarily retires from active service will not be entitled to receive a pension on account of old age until he has reached the age of 65 years."

Second: "Any member of this Association, in good standing, who was not in active service at the time of enrollment as a member of this Association, who from physical, mental, or other cause, is unable to perform any kind of remunerative employment, or who has reached the age of 70 years, shall receive from the funds of this Association a pension as hereinafter provided; provided further, however, that no member shall receive a pension for disability caused by his use of intoxicants, or unlawful acts."

Third: "All members of this Association, who are 65 years of age and are in active service, may if they so elect, voluntarily retire permanently from such service, and thereupon become eligible to a pension at once. All other members who have reached the age of 70 years shall be granted a pension."

The contributions and the pensions of this Association are graded, and vary in accordance with the age and period of contribution. The amount of dues paid by each member follows:

"All active members under the age of 30 years shall pay 50 cents per month.

"All active members from the age of 30 to 35 years shall pay \$1.00 per month.

"All active members from the age of 35 to 40 years shall pay \$1.50 per month.

"All active members from the age of 40 to 45 years shall pay \$2.00 per month.

"All active members from the age of 45 to 50 years shall pay \$2.50 per month.

"All active members from the age of 50 to 55 years shall pay \$3.00 per month.

"All active members from the age of 55 to 60 years shall pay \$3.50 per month.

"All active members from the age of 60 to 65 years shall pay \$4.00 per month.

"All active members from the age of 65 years shall pay \$4.50 per month."

The pensions allowed are based upon the following scales:

"Any member of this Association who has been declared a pensioner by the board of Governors, who shall have paid dues for 60 months, or less, shall receive a pension from this Association for the remainder of his life, of \$25.00 per month.

"Those paying the dues from 61 months to 120 months, \$30.00 per month.

"Those paying the dues for 121 months to 160 months, \$30.00 per month.

"Those paying the dues for 161 months to 180 months, \$35.00 per month.

"Those paying the dues for 181 months to 240 months, \$40.00 per month.

"Those paying the dues for 241 months to 300 months, \$45.00 per month.

"Those paying the dues for 301 months to 360 months, \$50.00 per month.

"Those paying the dues for 361 months to 420 months, \$55.00 per month.

"Those paying the dues for 421 months to 480 months, \$60.00 per month.

"Those paying the dues for over 480 months, \$65.00 per month."

The Brotherhood of Locomotive Engineers also has in addition an Indigent Fund and an Insurance Relief Fund.

The Pressman's Union adopted a pension plan, by first creating a sinking fund from the accumulations of a 25 cent assessment per month for all members for five years, before the payment of pensions became operative. This, it is believed, will create a sufficient fund which when placed on interest will

insure stability and prevent the gradual increase of the per capita tax as was the case with other established funds.

Since 1913, District Number 21, United Mine Workers of America, has had the following pension system:

Each member pays 40 cents assessment per month, which may be raised or lowered when necessary.

All members, 60 years of age, when they have discontinued work in the mines, or those physically disabled from performing further labour in and around the mines, having no other means of support, and who have been in good standing for five years preceding January 1st, 1913, receive \$3.00 per week. Those joining the Union after January 1st, 1913, are not eligible to benefits unless they have been members in good standing for five years prior to making application for pension.

THE UNITED MINE WORKERS OF AMERICA

At the 1916 International Convention of the United Mine Workers of America, a Committee was appointed "to investigate and report on the advisability and possible cost, to the International Union, of erecting and maintaining a suitable home wherein to care for the aged, infirm and decrepit members."

After a careful investigation of the Soldiers' Home, and Homes for the Aged, maintained by the different unions, and fraternal organizations, in the United States and England, the Committee reached the conclusion that "taking the estimate of other homes, it would cost about \$40.00 per month for each resident for clothing, food, medical attendance and medical supplies."

The Committee further reported that "The question of pension, with or without a home, was early called to our attention, and as the different organizations with whom we came in contact either had pension systems in active operation or were preparing to adopt pension systems, we deemed it advisable to gather all the data possible on the subject." In comparing the safeguards adopted by other organizations, and in ~~in~~ "endeavours" to select such as are actually necessary, to



make the plan a success, the Committee at the 1917 International Convention of the U. M. W. A. recommended the following plans for creating and maintaining a pension system.

“(1) An old age disability pension fund is hereby enacted by an assessment of 40 cents per month per member, which shall automatically be raised or lowered as necessary under the direction of the board of trustees hereinafter provided for, but in no case shall the assessment exceed 50 cents per month per member.

“(2) Said assessment shall be in full force and operation on and after April 1, 1918.

“(3) A sinking fund shall be created by the accumulation of said assessment for a period of three years from and after April 1, 1918.

“(4) That on and after April 1, 1921, all members in good standing who have reached the age of sixty-five years and who have been continuous members in good standing for a period of ten years immediately preceding their application for pension and have paid their regular monthly assessment to the pension fund for at least three years, whose earning capacities have been reduced to less than twenty-five dollars per month, and who have no visible means of support other than their labour, shall be eligible to receive a pension of twenty dollars per month payable monthly.

“(5) That on and after April 1, 1921, any member who has been a continuous member in good standing for ten years immediately preceding his application for pension and who has paid his regular monthly assessment to the pension fund for at least three years and who is totally incapacitated for work by reason of accident or sickness of a permanent character, who has no visible means of support other than his labour and who has been denied aid from compensation laws or has tried and failed to recover reasonable damages for injuries sustained, shall, upon satisfactory proof, be allowed a pension of twenty dollars' per month, payable monthly; the

trustees to have the right to appoint a physician or physicians to make an examination if they deem it necessary."

From a canvass of 609 miners' locals with a total membership of 120,568 the Committee has learned that there were 4,199 members from 60 to 65 years old; 1,928 from 65 to 70 years of age, and 156, from 70 and over. In addition there were also 1,497 incapacitated members under 60 years of age.

The Committee admitted that this was a very large percent., as compared with the membership of other organizations, but recommended the adoption of 65 years of age as the minimum age for the payment of pensions.

It accepted the experience of the International Typographical Union as a safe guide for its own contemplated plan. It stated that in the latter Union there is a fraction more than 22 pensioners to each 1,000 members, which they assumed would hold true of their own membership. Since that time the miners have given up the plan of establishing their own pension fund but have instructed their committee to work for the passage of old age pension laws.

During the Convention of the United Brotherhood of Carpenters' and Joiners of America in September, 1920, the officers of the Union were instructed to formulate plans for an old age pension system for the members of the organization.

The experience of even the firmly established and best intentioned fraternal pension systems in this country has not proved these to be very satisfactory instruments. It is, doubtless, this recognition that has prompted the International Typographical Union to adopt the following resolution at its 1917 Convention:

"Whereas, The United States of America is the only great nation in the world (excepting Russia) that does not provide old age pensions for its worn out and worthy workers; and

"Whereas, The consequent necessity of American workers to provide their own benefits is a gross injustice, and frequently ends in failure through no fault of the workers; and

"Whereas, The Government of the United States of America has demanded that its citizens protect the honour of the nation with their lives in a great war, while this Government has not in the past been responsive to the demands of its workers to protect their honour; therefore, be it

"Resolved, That the International Typographical Union, in convention assembled, endorse and urge the passage of the old age pension bill introduced in Congress by George I. R. Sherwood, for the benefit of all American workers."

And in May, 1920, the Pennsylvania State Federation of Labour also adopted by a unanimous vote the following resolution:

"Whereas,—The United States is now the only industrially developed country that has as yet made no provision for the aged and superannuated workers, and

"Whereas,—The recent Report of the Pennsylvania Commission on Old Age Pensions shows conclusively that the problem of old age is largely due to the industrial development of our state as a result of which aged workers are relegated to the industrial scrap-heap as useless and of no value as soon as their pace begins to slacken, and

"Whereas,—It is now obvious to all that with prices soaring skyward from day to day, and with wages never catching up with the advancing prices, it is absolutely impossible for the wage-worker to provide for old age from his own earnings, and

"Whereas,—The only present alternative facing the aged worker is either that of going to the poorhouse or accepting charity, as even when the worker attempts to save, by denying himself and his family the most essential comforts, he often fails at the end because of sickness or unemployment, which is not only an evil and unjust, but ultimately works to the detriment of industrial efficiency, as well as the welfare of the State, and

"Whereas,—It must be recognized that the worker who has helped to create the wealth of this country and who has spent the greatest part of his life in productive labour, has by his work, made sufficient contributions to the progress of the state and nation

to entitle him to a living when industry or exhausted health no longer permits him to work for a living, and

"Whereas,—The Pennsylvania Old Age Pension Commission plans to submit a bill to the 1921 State Legislature providing for a state system of old age pensions, therefore

"Be It Resolved,—That the Pennsylvania Federation of Labour in convention assembled in Altoona, goes on record as urging the above Commission to submit such a bill to the Legislature, and the Federation further urges every State Senator and Assemblyman to do his utmost in helping to promote this sadly-needed and humane Legislation, and be it further

"Resolved,—That the secretary of the Federation be instructed to include in his questionnaire to candidates for the State Legislature, a question regarding the candidate's attitude to proposed legislation on the question of Old Age Pensions, and no candidate shall be endorsed by the State Federation who has declared himself against such Legislation."

That attempts made by the working classes to provide against old age may frequently end in failure, is well borne out from the preceding analyses and is generally recognized. Labour organizations and labour leaders have therefore been most active in agitating for governmental pension systems in old age. Knowing the difficulties confronting them in establishing their own provisions, labour unions have repeatedly declared that "The responsibility of caring for the veterans of industry who in times of peace have been the mainspring in the work of material progress, and in times of war have always been ready to sacrifice their all, either in the field of active operations or in bearing the burdens of taxation and support, should as a matter of right and justice rest upon the Government."

The inadequacy of the present means of protection in old age is thus evident from the preceding three chapters. Under the present conditions of costs of living and wages, thrift and individual savings sufficient for old age cannot be seriously considered possible for many wage-earners. Neither can the

industrial concerns be depended upon to take care of their aged workers, since they have no assured permanency and take care of only a fraction of the workers they employ. While the recent Federal Retirement plan will take care of many a needy employé, there still remain thousands of other Federal employés as well as employés of states and municipalities who need to be protected. The fraternal and trade union old age benefit funds are generally insecure and, at best, the number that they can protect is inconsiderable.

The insufficiency of the present methods of aged relief in the United States is succinctly summarized by the Pennsylvania Commission regarding such provisions in that state. The Commission states that:

"Of all the multifarious forms of industrial, municipal and fraternal pensions in the State the number of Pennsylvania wage-earners actually on pension lists in 1918 hardly reached ten thousand. In the seventeen leading industries listed the number of former Pennsylvania employés actually receiving old age pensions was 2,152. The number of wage-workers receiving pensions from concerns having no regular pension system would hardly exceed an additional five hundred. Of all the railroad workers in the State only about four thousand aged employés are receiving old age support. However, even if these systems were operated more extensively, it is clear that they are largely dependent upon the arbitrariness of the employer, which makes the receipt of a pension very uncertain for many employés. The period of service required is often too long. These schemes, it was apparent, discriminate unfairly against those who cease to be employés. In a few cases in the contributory schemes, employés either do not have their contributions returned or have them returned without interest. Generally industrial pensions are considered merely deferred wages. These industrial systems specify that a pension may be terminated at any time; that the establishment of such a system is not to be construed as conferring a contractual right, and that the company reserves the right to discharge an employé or terminate the system at any time.

"Of the nearly fifty thousand public school teachers in Pennsylvania, only a little more than 600 are receiving pensions from the various pension funds. The number of policemen, firemen, and other municipal and State employés in the State receiving old age pensions did not exceed 1,700. The inadequacy of protection against old age provided by trade unions, or fraternal organizations has already been discussed. It was seen that most of these are not established upon sound actuarial principles. Many have become insolvent and many more are liable to dissolution at any time. As a rule, all these pension funds are exempt from the strict supervision required of private insurance companies. The total number of pensioners in the State (not including pensioners of the United States) constitutes three per cent. of the total population over 65 years of age in the State. In other words, only three out of every hundred or thirty out of every thousand persons, 65 years of age and over, were protected by old age benefits in Pennsylvania in 1918. This percentage is computed on the total population 65 years of age and over as given by the 1910 Census. It is obvious that it would be still lower if the increase in the aged population during the past eight years was taken into consideration."¹

¹ Report of Penna. Commission, pp 216-17.

PART FOUR

**OLD AGE PENSIONS: WHAT THEY ARE
AND THEIR OUTLOOK FOR THE
UNITED STATES**

CHAPTER XI

THE PURPOSE AND NATURE OF PENSIONS

A pension may be defined as a regular allowance or payment made in consideration of past services. Pensions were granted first by kings and other royalties to persons who distinguished themselves in art, literature, and science, as well as to feudal retainers for military or political services. It was also customary to grant pensions to prominent jurists, university professors, and well-known clergymen, who had rendered distinguished public service. The grant of a royal pension to an individual was usually taken as a token of gratitude for valuable contributions made to the credit or benefit of the crown, the country, or the public. In more democratic nations the government still pensions soldiers and war veterans in recognition of their devoted service in the defence and protection of their country.

The more recent demands for the establishment of old age pensions, as a social policy, applicable to all citizens, is merely the natural extension of this principle to the veterans of industry, to men and women who by brain and brawn have made vital and essential contributions to the social welfare. To extend this protection in old age to the working classes is merely to recognize the changes wrought in our industrial system which make the welfare, comfort and happiness of all the people depend largely upon the labour of those who work for wages.

The smug business man who takes his train in New York after theatre hours at night, goes to sleep in his pullman-car and upon awakening finds himself in Pittsburgh or Boston

ready to transact his business there, doubtless never thinks of the thousands of manual workers who toiled to make these achievements possible. Neither does the self-sufficient citizen think of these workers when he steadily speeds along at forty miles per hour on a well-paved highway in his comfortable limousine, or at any other time when he accepts all the modern comforts and conveniences as a matter of course due to him. Even those, who, like Carlyle, still hark back and sing praises of the eighteenth century, do not fail to take advantage of the comforts of the nineteenth and twentieth centuries, such as the railways, telephone, telegraph, and even the talking machine. Despite their condemnations of modern conveniences, they never go back to the stage-coach when they go from New York to Pittsburgh or any other city. Whatever the evils and faults of the modern industrial order—and its evils are legion—it cannot be denied that on the whole it has worked to the ultimate good of most concerned. Only the old and superannuated wage-earners derive little benefit from industrial development. The immediate effect upon them is their replacement by machinery and their inability to find other employment. For it is known to all that aged persons are not wanted in modern industry. With the introduction of newer processes of production, the experience of the old workers counts for little, and they are generally eliminated from industry and are thus deprived of the only means by which they can secure a livelihood. To grant pensions to such workers, during the days when modern industrial development permits them no longer to provide for themselves, would be merely a recognition of their services and a compensation for their losses, even as we compensate property owners for disturbance to property when it is taken from them for the general good.

In the preceding chapters the inadequacy of the existing provisions against old age have been recited, together with the difficulties which the old face in attempting to obtain

security, under the conditions of modern life. It is obvious that the lack of old-age provisions demoralizes the individual and is harmful to society as a whole. Society's loss, as a result of this insecurity, is inestimable. Furthermore, from whatever angle it may be examined, it is evident that the problem of economic support of the aged is with us, and whether met in one form or another, society ultimately bears the burden. An old-age insurance or pension system would unquestionably raise the general standard of living, as it would eliminate to a great extent the dread and fear of old age which now affects adversely the productivity and efficiency of a great many individuals. That the granting of alms, either private or public, is not only insufficient and unsatisfactory, but exercises a degrading effect upon the recipients and is repugnant to the self-respecting person, and can therefore not at all be considered a constructive policy, seems evident from the preceding discussions. As aptly expressed by a Committee of the National Association of Manufacturers in a special report upon this subject:

"While the social activities of the state are marked by humane legislation in many forms, for the betterment of the individual, its system of poor relief is antiquated. Poor relief makes no distinction between the worthy and the unworthy; the social stigma, the depravation of the citizenship and often the publication in the town report of the name of the recipient and the amount doled out to him, make the system onerous and the opprobrious epithet of 'pauper' is the price the citizen pays for help."

That there is a problem of old age which is largely the creation of modern machine industry, is now recognized by all. Practically all civilized governments now consider this an important national problem which must be dealt with without delay. Its solution is generally sought in a broad constructive social policy rather than in the haphazard charitable and individual methods of relief. There are few industri-

ally developed nations at present that have not yet adopted a definite course of social action in remedying the problems faced in old age. Of all English-speaking peoples, the United States is most backward in this respect, despite its high industrial development.

In dealing with this problem European governments have generally followed one or two of the following methods of caring for their aged. A number of countries also adopted plans which involve a combination of features of each scheme. The methods generally followed may be classified under the following headings: (1) A system of voluntary insurance. (2) Compulsory contributory insurance. (3) Gratuitous or straight pensions by the Government. While the writer has formed decided opinions upon the merits of each of these schemes, it is the intention to present here an unbiased analysis of the arguments in favour and against each of these systems. The adoption of any one of them depends a great deal upon the social and economic conditions of the particular State, or Country, and an impartial discussion of each system is essential.

I. VOLUNTARY INSURANCE

Voluntary insurance against old age may be classified into several types. (A) Private voluntary insurance. (B) Voluntary insurance under Public Administration. (C) Voluntary subsidized Insurance.

(A) Private Voluntary Insurance.—Under this head may be included: (1) The old age mutual insurance as provided by trade unions and fraternal organizations, (2) insurance against old age by industrial corporations and (3) insurance with private companies. All of these forms are business propositions pure and simple. They involve no State action other than supervision. The extent of old age insurance by means of the above agencies, is very limited.

(B) Voluntary Insurance Under Public Administration.—

With this form of insurance there is no state subsidy, but the government sells annuities and insurance at cheap rates. In addition to governmental guarantees, the State in most instances bears the expense of administration. This is the underlying principle in the State Savings Bank System in force in Massachusetts and Canada and to a minor extent in respect to insurance in Wisconsin. The aims of this insurance is to facilitate savings against old age and to make it attractive and accessible to wage-earners. The amount of insurance is limited and opportunities are offered employers of labour to co-operate with their employes either by making contributions towards the payment of the premium or by collecting it. The advantage of this form of state savings over private insurance lies in the cheapening of the premiums by the elimination of profit and the cost of administration.

(C) Voluntary Subsidized Insurance.—The object here is to put a premium on savings for old age. The State, in this case, subsidizes individual thrift by means of a State contribution. These systems were practised for some time in France, Belgium, Italy, and Spain and still exist in some of these countries. They are devised with the special purpose of serving the wage workers. The amounts of the subsidies vary in each country. The latter are not given to the insured but deposited to his or her account and go to swell the amount of the pension purchased.

The three preceding forms of voluntary insurance are the evolutionary outgrowth of one another. The chief reason urged in favour of voluntary insurance is that it encourages thrift and maintains the self-respect of its beneficiaries. It is pointed out however by all experts that in practice after many decades of effort it has failed to accomplish its purpose. Even generous subsidies do not seem to attract more than a small part of the wage-earners, and in most countries these systems have been partly or entirely superseded by other methods. Reference has already been made to the Massachu-

setts experiment where after twelve years existence of the savings system only about three hundred persons took advantage of this form of insurance. Even subsidized insurance, according to the experiences of the different countries, has at no time or in any land accomplished its purpose. The working people obviously either cannot or do not avail themselves of such insurance. Neither is this fact surprising in view of our previous analysis of the actual conditions of wage-workers. Dr. Rubinow, after an exhaustive discussion of the voluntary scheme in the several European countries concludes:

"1. That even a heavily subsidized system of voluntary old age insurance attracts only a small proportion of the working class, presumably of the better paid strata.

"2. That even of those who begin accounts, a large and growing proportion fails to continue to make the necessary contributions with any regularity.

"3. That usually only the minimum is contributed which is necessary to acquire the subsidies.

"4. That the workmen are forced to reduce their old age pensions in order to safeguard the interest of their families, and

"5. That the pensions actually acquired are pitifully small."¹

II. COMPULSORY CONTRIBUTORY INSURANCE

The contributory form of insurance came about as a logical result of the failure of the voluntary systems. The great mass of wage-workers being either unwilling or unable to insure themselves against old age, European governments sought to overcome this by making it obligatory for certain classes of wage-workers—whose yearly income did not exceed a certain amount—to insure themselves against old age. The government continued making it attractive by subsidizing the insurance. Germany was the first country in Europe to establish compulsory insurance for working people. A system

¹ Rubinow, *Social Insurance*, p 334.

patterned after the German one was adopted by France in 1910. Systems embodying the compulsory principles were also established in Austro-Hungary, Chile, France, Greece, Iceland, Italy, Luxemburg, Netherlands, Portugal, Roumania, Russia, Spain, Sweden, and Switzerland.

Under the compulsory form of insurance all wage-workers earning below a certain income are compelled to insure. Salaried workers above a set amount are not obligated to insure but may, in common with other classes, take out voluntary insurance. Participation in the plan begins at an early age. Contributions are generally made both by the employer and employé in equal parts. The state's contribution consists of bearing the expenses of administration. In addition, the latter also makes a direct contribution to the pension after it has matured. In Germany the contributions of the workers are graded in accordance with their income, while in France it is uniform for all adult males, females and minors. The employés' contributions are collected by the employer who is allowed to discount them from the wages of his workers. The age when one becomes entitled to a pension is set at 60 years of age in France, and 70 years, until 1917, in Germany. Before a person, however, can receive a pension he must have made a minimum number of contributions; this in Germany is 1,200 weeks, and in France thirty annual contributions. To protect also those who cannot make the required number of contributions, provisions are made in both countries reducing the required period of contributions by 40 weeks for each year of age over 40 in Germany and 30 in France, when the law went into effect. The amount of the pension allowed under these plans is very small, rarely exceeding \$60 a year previous to the war—an allowance which obviously could not go very far. No country which has introduced compulsory insurance has at any time attempted to raise more than fifty per cent. of the necessary funds from the insured persons. In Germany the contributions from the insured persons

amounted to about 40 per cent. of the total disbursements, while in other countries it amounts to about 30 per cent. of the funds disbursed.

The advantages of the system of compulsory contributory insurance are as follows: (1) Its possibility of universality. By means of compulsion, insurance not only can be extended to all classes that need most the protection against old age, but can also be made most effective.

(2) Compulsory insurance removes any suggestion of charity. Under this system the worker gets his pension as a matter of right even when he is not poor. "It is not a dead-level system. It preserves a normal relation between the standards of life before and after the age of pension and also preserves a just relationship between services rendered and the rewards granted, for it is usually based upon the length of contributions, which is the length of activity."¹

(3) It encourages thrift even though not of a voluntary nature. (4) The need of old age pensions is largely a result of the industrial problem and ought to be borne by industry. "It is economically just, in so far as it exacts a contribution from the industry, for superannuation is not less a factor of modern industrial life than is the rate of accidents or of sickness. If it be just that each industry should contribute to the cost of accident compensation in proportion to the number of accidents occurring, rather than that the entire cost be forced back upon the national treasury, it would seem to be equally just that an industry which uses up men by 45 or 55 years may be made to contribute to the cost of old-age support in a greater degree than another industry or occupation in which men can preserve their productive life until 65. Looking upon it in another way, the justice of the claim may be admitted, that a contribution on the part of the industry to old-age insurance is but a deferred wage . . . if, under modern industrial conditions, it could be expected that

¹ Rubinow, *Social Insurance*, p 386.

the wage-workers themselves would be able to raise the standard of wages to the necessary level so as to include the cost of old-age support, and that they would use this additional increment for that purpose, no compulsory system would be necessary. But the compulsory system is necessary just because these two conditions are found to be impossible."¹

(5) It does not burden taxation directly. (6) Compulsory insurance is also urged because of the fact that more countries have adopted this plan than any other, and because it has proved successful in several countries where it has been in effect for some years.

The objections to the compulsory principle of insurance are: (1) It cannot be made universal, as it omits many who may need such protection no less than wage-earners. It is evident that it can only be made to apply to persons who are in regular employment. It is next to impossible to collect contributions from persons who are irregularly employed, from agricultural labourers, from those who are their own employers, from women who work at home not for wages, from small merchants, and so forth. (2) Even through compulsion it is difficult to reach the poorest classes of workers who are most in need of old-age support. These people simply cannot save enough to contribute to pension funds. Thrift among workers who do not receive a living wage is a delusion, and even if possible, is uneconomic and unsocial. (3) Compulsory insurance, it is contended, lessens the quality of self-help and reliance in the individual. Said the Chairman of the Massachusetts Commission: "If this is the country of wealth it is also the country of individualistic ideals and achievements. It was founded to secure individual liberty of thought and action with opportunities for working out one's own salvation. This is its peculiar destiny and its special mission, and its greatest contribution to humanity will be in terms of character rather than wealth. Not for any reason of sentiment,

¹ Social Insurance, pp 386-387.

but because our national progress under the individualistic ideal has been such as to demonstrate its wisdom and soundness, do I believe we should take no steps calculated to take us away from this path of development.”¹

(4) Where the compulsory system is established the sums contributed by the insured are practically insignificant. Not only does the state make a direct subsidy to the insured, but it also bears the expenses, which because of the inherent complexities of conducting the administrative machinery and the recording of facts for a long period of years with reference to contributions, is enormously expensive. It has, therefore, also been advanced that there is practically no difference between the state paying pensions outright, and collecting the contributions by the compulsory principle. (5) Compulsory insurance, it is argued by some, is class legislation, as it places the wage-earning classes under a special régime. It necessitates the creation of a vast bureaucratic system. “It would be nothing but taxation, and being exacted from unwilling subjects, would carry with it none of the good influences of voluntary thrift.”² (6) Old Age is not a problem of industry alone, for people grow old despite all human efforts. (7) The amount of the pension under the compulsory-contributory system is small and the age set is too high. The pensions as paid in European countries are, as is commonly expressed, “too little to exist on and too much to die on.” (8) Compulsory contributions, furthermore, are inelastic and cannot be adjusted to the particular needs of the various industries and localities. (9) The proponents of American individualism also declare that it is un-American, distasteful and contrary to the American spirit. The compulsory principle, it is claimed, is intolerable and would not be accepted by the American citizens. Mr. Arthur M. Huddell, a dissenting

¹ Magnus W. Alexander, *Bulletin of Bureau of Labour Statistics*, No. 212, p. 774.

² Charles Booth, *Pauperism and the Endowment of Old Age*, p. 187.

member of the Massachusetts Commission states the case as follows:

"To my mind, compulsory insurance is un-American, and cannot be considered in any way as a solution of this question. The wages of the workman will not permit any compulsory assessments for insurance. There is a vast difference between this and compulsory sanitary laws, compulsory education and compulsory quarantine laws. A poor man can comply with any of the above laws without an expenditure of money or in any way reducing his wages, which he could not do with a compulsory insurance law, as that would be equivalent to a reduction in wages. There is not sufficient margin between the living expenses and the wages of the workman to permit that reduction in his wages."¹

(10) The compulsory principle is also believed to be unconstitutional, as it obligates certain groups to set aside a certain percentage of their earnings to provide for old age.

III. STRAIGHT OR NON-CONTRIBUTORY PENSIONS

Just as the compulsory insurance principle was largely an outgrowth of the failure of voluntary insurance the establishment of straight pension systems may also be said to have come about principally because of the complexities involved in and the limited effectiveness of the compulsory insurance principle. While straight or gratuitous pensions are comprehensive and immediately effective, compulsory insurance forms require a long term of years before they can become operative and capable of coping with the immediate problems. State pensions were first inaugurated in order to secure an immediate means of relieving the pressing problem of the aged poor. This form of outdoor relief is a marked improvement over the indoor relief previously followed which involves the destruction of the *amour propre* and independence of the recipients. A straight pension is an economic remedy for an economic ill

¹ Massachusetts Report, 1910, p 837.

readily adapted to the needs created by the modern industrial development. Under this system neither the employer nor the employé make direct contributions. The funds are paid out from the general treasury. Systems of gratuitous pensions have been adopted in Alaska, Australia, Denmark, France, Great Britain, New South Wales, New Zealand, and Uruguay.

State pensions are usually granted to all persons who have complied with the requirements of the particular law. The specifications usually provide that a person before receiving a pension must have attained a certain age; that he must have been a citizen with a long period of residence; that he must not have an income from any source above the specified amount. Sometimes it is also required that he must have fulfilled a certain period of service. In addition to these, most countries require also certain moral and character qualifications. In many countries pensions are denied on account of family desertion, neglect of minor children, drunkenness, or prison sentence. It is generally specified that pensions are given to the "deserving poor." The first of these gratuitous systems was established in Denmark in 1891. Due to the influence of Lloyd George, a straight old-age pension system was adopted by Great Britain in 1908. In 1915, the Territory of Alaska and the State of Arizona had enacted similar systems, the latter of which was declared unconstitutional by the Supreme Court of that State before it became operative. Although the principles involved are the same in all countries, the requirements and qualifications are widely varied in the several countries operating these systems of pensioning the aged.

The non-contributory form of old-age relief is one of the most popular and most widely discussed plans. The particular points in favour of this scheme as over the voluntary and compulsory systems may be outlined as follows:

(1) Its simplicity. Straight pensions are given only under definite and well defined conditions; the amounts are fixed and little administrative expense is required.

(2) Straight state pensions are just, as it is the duty of the state to take care of its aged poor. This obligation of the state, was recognized by the latter long ago in its distribution of poor relief. Pensions in old age, while following the same principle, remove the stigma and degradation of the present system of poor relief. It is pointed out that the state at present attempts to relieve most classes of suffering, except old age. Pensions, are, therefore, simply an extension of the duties of the state aimed to remove the suffering and terror associated with old age. "It is compulsory now upon our citizens to make a living, but if they wish to become criminals, the state will support them. But the man who wants to remain a law-abiding citizen and try to support his family is compelled to provide for old age, when the facts are that he is unable at the present time to secure many of the comforts of life. Every law-abiding citizen has rendered to his country some service, which entitles him to look forward to a pension given in return; and as at present the premium placed upon crime and poverty is un-American, something should be done to provide for the law-abiding, self-supporting citizen."¹

(3) Governmental pensions while nominally non-contributory, have in reality been contributed by all in the taxes paid. Mr. Lloyd George states this as follows:

"As long as you have taxes upon commodities which are consumed practically by every family in the country, there is no such thing as a non-contributory scheme . . . Again, the worker who has contributed by his strength and his skill to the increase of the national wealth, has made his contributions to the fund from which his pension is to come when he is no longer able to work."²

It is thus evident that those who have given a considerable part of their lives in useful service have already made those

¹ A. M. Huddell, Mass. Report p 338.

² Ibid p 382.

contributions to the state and are entitled to freedom from the dread and anxiety over their needs during their declining years, as well as from the disgraceful brand of pauperism.

(4) Non-contributory pensions by the state would stimulate people to greater loyalty, ambition, independence and hopefulness; and would give the individual a stake in his country, thus increasing his patriotism and his interest in government and national affairs. James T. Buckley, a dissenting member of the Massachusetts Commission, argues that:

"Assurance through a pension, contributory or otherwise, that one's last days would be spent in peace and comfort, with no fear of poverty and want, would have a strengthening influence upon the individual, enabling him to go to his daily task with a calm and contented mind, and would tend to increase 'the sense of personal responsibility and independence.'"¹

"A pension in old age," declared also John Metcalfe, "would be no small gain and certainly a most conservative measure to give the expression 'my country' some little material meaning, even if that tangible something was but the security that after 65 years of individual struggling with the tasks of life, the state provided a small pension for every man and woman in the land. It would be no small gain if this measure led the men and women to look out on life with more hope and on national and commercial affairs as something which affected them personally, and in which they should take a deep interest."²

(5) A pension to be secured in old age would encourage thrift and savings. As the pension alone is rarely sufficient to cover all the needs, the wage-earners would make an effort to lay aside whatever possible, so that their savings together with the annuity would assure them of a minimum of comfort. The fact that they can never save sufficiently to provide for old age is, perhaps, the greatest deterrent factor which prevents people who could afford to do so from saving the little

¹ Ibid p 230.

² Metcalfe, *The Case For Universal Pensions*, p 58.

they can. When there is assurance, however, that one's last days would be spent in peace and some comfort with no fear of want and the poorhouse, it would have an encouraging influence tending to cause most persons to make some provision for the future. Says Mr. Metcalfe:

"The principle which underlies the habit of saving, in my opinion, is exactly the same as that which induces a hen to lay its egg where there is at least one egg already—what I will call the principle of the nest egg—and that just as you induce a hen to lay its egg where you have placed one egg you would induce the artisan and labourer to begin to put something by from his earnings by providing him with a certain small sum in the shape of a pension for old age."¹

Indeed, the savings accumulations of the countries which have adopted this system of pensions such as Denmark, Great Britain, New Zealand, etc., seem to bear out this contention.

(6) Pensions in old age would keep families intact. They would increase filial affection and respect for parents. What we respect and venerate in the aged is not old age as such, but the superiority in judgment, experience and independence of means. And one of the principle reasons why the aged in modern society, especially as found among the lower paid wage-earning classes, are less esteemed, is, doubtless, because the aged wage-earner instead of having steadily improved his position is compelled to steadily give way to younger men. Unable to earn a living wage, in his regular employment, he is compelled to do the work that needs little mental and physical labour. This generally means accepting employment of a menial nature. In this work he naturally loses his own self-respect, and once that is lost, the loss of respect for him on the part of his fellowmen and even of his own relations follows soon. A pension in old age would not only protect his independence and respect, but also would very often make him a

¹ Ibid p 86.

welcome addition to the family of the son or daughter, where without it he would be a burden.

(7) A non-contributory pension system is unquestionably the most feasible plan to be suggested at the present time for the United States. The Massachusetts experiment has shown how futile and inadequate voluntary insurance systems are in this country. As most of our social legislation was first originated in the States and only later on followed by national legislation, a system of compulsory insurance by the individual States would, under our conditions of free labour migration and mobility, necessitate an expenditure upon the accounting and recording of statistics, an essential to the compulsory-contributory principles, which would make it almost prohibitive from consideration.

ARGUMENTS AGAINST NON-CONTRIBUTORY PENSIONS

The Massachusetts Commission on Old Age Pensions, Annuities and Insurance, brought the chief arguments against a non-contributory pension plan for the United States in its report of 1910. The Commission concluded that: "The adoption of any scheme of non-contributory pensions in Massachusetts, or in any other American state, seems inadvisable and impracticable." The reasons given against this plan by the Commission and other critics are as follows:

(1) The heavy expense involved in such a plan. The Commission estimated that for Massachusetts to pay a pension of \$200 per year or four dollars per week for half the population 70 years of age and over, would cost that State not less than \$10,000,000 per year. The cost would, of course, be greatly increased if the pensionable age is set at 65.

While this is true it must be remembered that a great deal of this cost is already being paid by the citizens at present through the different charitable and philanthropic agencies, as well as public poor relief. To a considerable extent, therefore,

the cost of the pension would be met by savings on the present expenditures of public and private philanthropy.

Indeed, according to Prof. Woodbury,¹ the proportion of paupers over 70 years of age in England fell from 28 per cent. of the population of this age in 1905 to 18.6 per cent. in 1910, one year after pensions began to be paid. After the 1911 amendment, which entitled persons receiving poor relief to pensions, the number of those 70 years of age and over who were given outdoor relief in England decreased from 188,323 persons in January, 1910, to only 8,563 in January, 1913, a decrease of 94.6 per cent. The number of indoor paupers also showed a decrease of 19.8 per cent. from 1906 to 1912. The cost of outdoor relief in 1910 dropped from 11¼ to 7½ pence per head of population. In New Zealand, also, the expense per capita of the population on poor relief fell 10.5 per cent. from 1899 to 1901 as a result of a grant of 11,000 pensions. Moreover, as is advanced by a dissenting member of the Massachusetts Commission, the argument of heavy expense:

"is fallacious, for the ultimate expense of any given project is the same, whether that cost be levied directly upon those who are to benefit by the scheme, as in the proposed contributory scheme, or indirectly upon the same beneficiaries through the medium of the State tax."² Again Dr. Rubinow justifies the increased cost on the ground that: "when an institution is to be established, first its necessity, its usefulness, or harmfulness must be considered, and only then the question of ways and means comes into the foreground."³

(2) Straight pensions, it is contended, is class legislation, as they tax the rich for the benefit of the poor. "There is no real ground for the assertion that because an industrious

¹ Quarterly Journal of Economics, Vol. 80, 1915 p 152.

² Massachusetts Report, 1910, p 332.

³ Social Insurance p 281.

man has failed to earn a sufficiency, he has a right to be rewarded for his industry out of the proceeds of a tax levied upon his neighbours, to whom he has rendered no service, or none which has not been paid for in wages.”¹

(3) Gratuitous governmental pensions, some argue, would destroy the habit of thrift, as it would lessen the sense of personal responsibility and independence. The ultimate test of a pension system, it is contended, is not the degree of comfort and security bestowed upon the aged poor but its effect upon the character and self-dependence of the workers. A pension to all, it is claimed, puts no premium upon thrift and would only demoralize the class it is intended to help. This case is stated by a leading opponent of social insurance in this country as follows:

“It (gratuitous pensions) will undermine and tend to destroy the self-respecting character of our people as citizens of a democracy where economic independence achieved by individual efforts, self-sacrifice and self-denial, is, after all, the only aim worth while. However much we may be inclined to permit ourselves to be deceived by specious arguments of guesswork philanthropy into believing the gift is to help the recipient and not to hinder, such gifts, with rare exceptions, are opposed to principles of character-building and of a character-maintenance throughout all the years which constitute the span of human life. . . . Hold out the prospect that such effort is not necessary, that earnings may be squandered for a thousand and one needless purposes, that restraint upon family expenditures is not required, and the most powerful incentive which makes for character and growth in a democracy is taken away.”²

President A. T. Hadley, of Yale University, also stated:

“We need measures which shall increase individual responsibility rather than diminish it; measures which shall give us more

¹ William H. Lackey, *Old Age Pensions* p 103.

² F. L. Hoffman, quoted by *Mass. Com.* p 233.

self-reliance and less reliance on society as a whole. We cannot afford to countenance a system of morals or law which justifies the individual in looking to the community rather than to himself for support in age or infirmity.”¹

The moral level upon which the above arguments are based is obvious. These critics who display so much apprehension of undermining the much talked of habit of thrift with which every working man is supposed to be endowed, ignore the fact that the great majority of the people who reach old age and who qualify for pensions in the countries having pension systems, is in itself sufficient evidence that there was either no habit of thrift to be destroyed, or that the conditions of the wages were so low that savings were impossible, as was conclusively shown in a previous chapter. Where was the thrift habit of the 58.8 per cent. of the aged 70 and over who in 1912, when pensions began to be paid out, qualified for pensions in England and Wales; the 68.4 per cent, who qualified in Ireland; the 34 per cent. in rich Australia and New Zealand; the estimated 16 to 26 per cent. in prosperous Germany; the 35 per cent. in thrifty Denmark, and the 50 per cent. of the aged who qualified for pensions in the land of the most thrifty of peoples, France? It is preposterous to contend that the habit of thrift can be destroyed by a pension, which at best, is hardly sufficient to keep body and soul together—paid at the remote and uncertain possibility of attaining old age. On the contrary, it would doubtless prove an incentive to saving, as the pension allowance meeting only the bare necessities would enable a person with a little savings to spend his declining days in comfort. The Wisconsin Industrial Commission, in its report of 1915, points out that non-contributory pensions do not discourage savings and cites the example of Denmark, which was the first to establish such a system, and where after twenty years of experience the number of applicants for old-age pensions shows a tendency to de-

¹ Ibid p 240.

crease rather than the contrary, so that it cannot be said that habits of thrift have declined.

"I have found in Denmark that the people who had most right to speak with authority on the subject maintain that the law has not acted in a way detrimental to thrift. The Inspector General of the Sick Relief Funds holds that they are more thrifty." (Miss Seller's evidence before Aged Pensioners Committee, 1908, p 5).¹ "Whether we take Germany, Australia or Denmark, the answer is the same. Thrift, instead of vanishing before old age pensions, has actually increased. There has been more money placed in the German Savings Banks since 1891."²

The Australian Royal Commission, in its report of 1907, concluded that "The question as to whether thrift is discouraged by old age pensions has been inquired into by your Commissioners, and they have arrived at the conclusion that the fact of a necessitous person being entitled to a pension of 10s. a week at the age of 65 years will not have any appreciable influence on saving habits at an earlier age."

Mr. Miles M. Dawson, is quoted as saying: "I think there has been an error about pensions checking the savings. In any country where it has been adopted, in Denmark, Great Britain, New Zealand, etc., the amount of savings has been continually enlarging."³

In an article in the Survey⁴ Dr. Rubinow very skilfully inquires:

"What other explanation can there be for this over-emphasis of the virtue of thrift, unless it be the old ascetic principle that there is virtue in practicing self-denial, in getting along without things which we need? Humanity's progress is based upon efforts

¹ Quoted by Harold Spender, *Contemporary Review* Vol. 98 p 94.

² *Ibid* p 104.

³ *Bulletin of U. S. Bureau of Labour Statistics* No. 212 p 778.

⁴ *The Survey*, New York, Feb. 28, 1914.

to get things which man wants. Has all human progress been immoral?

"Whose morals suffer therefrom? Even the unworthy old man or woman over 70 is a weak, dependent, often decrepit, and helpless person whose immorality represents no danger to society, and who cannot be permitted to starve or freeze on the streets, if we are to protect our own moral nature from destruction. And as far as the young men and women are concerned, their conformance or non-conformance to the recognized moral precepts will scarcely be influenced by the chance of getting an old-age pension at seventy. Whether it be the hope of rewards, or the fear of punishment that must be relied upon to raise the moral level, either seems too remote and problematic. When the fear of eternal damnation fails, the hope of five shillings per week in the dim and uncertain future can scarcely succeed any better. . . .

"Why do we continue to worry so much about the morals of the working class, disregarding the fact that if freedom from anxiety as to the future must be demoralizing there is a perceptible element in society outside of the working classes free from such worries?

"Why can we not recognize the fact that the wage-worker does not, will not, cannot be guided in his existence by the fear of what will happen to him after seventy, if he lives so long? We shall fail to make headway in our social insurance efforts until we are able to recognize these obvious inevitable facts.

"And if it be true that the morals of the working class need reform as much as the economic conditions of its existence, by all means let us think of some more effective pedagogical method than the threat of contingent punishment postponed until a day when moral regeneration is both impossible and useless."

(4) Non-contributory pensions would lower wages. This argument is based upon the following assumptions: (a) Because of the direct competition of the pensioned employé. (b) The prospect of a pension in future years would lead workers to accept lower wages than they would otherwise be disposed to demand. This, it is claimed, is the case in some of the industries where pensions are now established. (c) It

would encourage undesirable immigration, as it would invite immigrants from outside the state, and thus depress the wage rates by over-crowding the labour market. The fallacy of the first of these objections has already been pointed out in another place, where it was shown that the number of people still able to do work at the age when pensions are given is very insignificant. These men at 65 and 70 years of age are hardly a factor in the labour market. Moreover, this argument, if true, would apply equally as well to any form of savings or even to contributions from children. It is evident that a man with no income whatsoever is a more dangerous competitor in the labour market than the man with some means of support. The second argument is obviously far fetched. It requires considerable imagination to conceive the idea that the prospect of a very meagre assistance in their old age would alone be sufficient to make wage-earners work for lower wages. It is known to all students and government experts that the wage rates paid, at the present time, do not take into consideration any savings and bear no relation to necessary unemployment due to invalidity and old age. While there is some truth in the contention that in the industries having regular pension systems the wage rates of certain classes of workers—especially those past their middle age—may be lower than in other industries not having such systems, it is because there is an incentive to work in the one particular industry over the others which have no such benefits. A state or nation-wide pension system would in the very nature of such a plan eliminate this objection. As to the third contention of encouraging immigration it is not borne out by the facts in the countries where such systems are in operation. Long terms of residence within the state are required everywhere, and immigration, as is well-known, is not popular with men past middle age. That a small pension given when reaching old age would hardly be a sufficient inducement to young immigrants, is self-evident.

(5) Straight pensions, concluded the Massachusetts Commission, would have a disintegrating effect upon the family. "A non-contributory pension system would take away, in part, the filial obligation for the support of aged parents, which is a main bond of family solidarity. It would strike at one of the forces that have created the self-supporting, self-respecting American family. The impairment of family solidarity is one of the most serious consequences to be apprehended from an experiment with non-contributory pensions."¹

Mr. A. M. Huddell, in presenting a dissenting opinion upon this point states:

"The facts that are before us as to the influence of pensions on the American family have either been entirely overlooked or misconstrued by the majority of the commissioners. We have before us the pensions of the veterans of the Civil War, their widows and orphans, and I fail to find the evidence that warrants any statement to the effect that this pension by the United States Government has disintegrated the family, or lessened 'the filial obligations' for the support of the aged parents; or has in any way impaired the family solidarity. On the contrary, the pensions to the veterans of the Civil War have built up the American family, and the filial obligations of the family have been strengthened and its solidarity maintained. An old person living with a married son or daughter that is striving to bring up a family and provide for them as an American family should be provided for, and give to the children a proper education, can find a place for the old veteran or his widow who receives a pension from the Government in the family, because they do not take away from the family any of the necessities of life, or stop in any way the education of the children. At the same time, the independence of the veteran or his widow is maintained, because they have enough to pay for their needs at that period of life. . . . With this pension the old veteran and his widow are made comfortable in their old age by living with their children, their friends, or in

¹ Report of Mass. Com. p 301.

homes where they are paying their own way, and have a feeling of independence that old people should have. They know they are not taking away from the family any of the necessities of life, or hampering the education of the children through any expense of their own support. Any extra expense in the workman's family directly affects the education of the child, compelling him to leave school and seek employment to help maintain the family."¹

The same argument is also answered by Mr. L. W. Squier as follows:

"Fortunately or unfortunately, according to the standpoint of religion and economics from which one views the matter, we Americans have not that conception of the family as the unit of society, as the Oriental in all his religious and economic training. In China and Japan it is rare to find any individual in want about sixty years of age, who has not some relative, no matter how remote, whose ethics and religion command him to make a place in his home for the indigent one, and provide for him as if he were a member of his own immediate family. Almshouses, private indoor or outdoor relief, for the old, are hardly known in these Oriental lands, where high ethical regard for the aged is instilled in the individual's common mind from infancy. Unfortunately, however, in this country no such esteem for the aged prevails except among his near relatives and especially in agricultural communities. In our manufacturing centres especially, the helpless, destitute grandfather or grandmother is regarded as a distinct burden to the household, the carrying of which often-times forces the children out of school and into the streets, factories, or shops, in order to provide for the added increment to the household expenses which the taking on of an aged relative, no matter how near he may be to the immediate family, entails."²

Dr. Rubinow answers it this way:

¹ Ibid pp 334-335.

² Old Age Dependency, pp 812-13.

"There is a good, old-fashioned atavistic nobility of sentiment about this argument which will greatly please all good men and women except those who have to be supported by their children, and those who have to support their parents and also their own families on a wage-earner's budget. Scientifically the argument is certainly original, because it assumes the basis of the family to be the support of the older generation by the younger, while it has always been fairly well agreed upon by all students of society that the shoe was on the other foot, and that the care of the children by the parents was the proper function of family. It further seems to assume that we love our burdens, and that when parents cease being burdens the children cease loving them.

"It assumes that the standing of a superannuated parent in a family is in an inverse proportion to the amount he is able to contribute to the family budget. It is an appeal to an ideal of patriarchal family which has been dead for a century in every industrial country, and which really never had any strong hold upon American life. Of course, its inapplicability to the aged single man or the aged spinster aunt will be evident. For it certainly cannot be claimed that the support of all spinster aunts is also a fundamental principle of American family solidarity. Then again even married people may not have any children, or may have lost them. One must remember that New England was practicing race suicide long before the term ever became popular. As a matter of fact, the very data gathered by the Commission shows that of the inmates of almshouses and benevolent homes over twenty-five per cent. were single and of those receiving outdoor relief fifteen per cent.

"Furthermore, these data also show how these almshouses and homes do break down the solidarity of the American family. Of their inmates forty-two per cent. had adult children living at time of entrance, of the several thousand pensioners receiving outdoor relief, sixty per cent. had adult children at the time of investigation, and fifty-nine per cent. other near relatives. It is really surprising that the Commission did not recommend discontinuance of aid, both institutional and outdoor, because of the demoralizing effect upon said children and relatives.

"However, the same table which conveys the information just

quoted shows that while there were children in some 60 per cent., in only 22 per cent. were they able to render aid; that this proportion was only some 10 per cent. in case of the inmates of homes, and about 50 per cent. in case of persons receiving outdoor relief. Moreover, it appears from another table that some 40 per cent. were receiving aid from children or relatives, as outdoor relief is seldom bountiful."¹

From the investigations of the Pennsylvania Commission on Old Age Pensions it was disclosed that in the case of inmates of both almshouse and benevolent institutions over sixty-five and a half per cent. had no children living. Of the aged applicants for relief, about forty per cent. had no children, and among the general aged population, although the percentage of those having no children at all was little more than 10 per cent., only 24 per cent. of the aged were actually supported by children, while 43 per cent. had no other sources of income.

(6) Straight pensions are objected to also because they resemble charity much more than a system of insurance in which the worker makes a contribution. This, however, depends largely upon public opinion. Considered in the light of deferred real wages instead of poor relief, the receipt of a pension would not involve any degrading effect.

Professor Coman, an opponent of the straight pension system, stated² that in her investigation of the Danish old age pension system every Dane interrogated—from tax-payer to administrator—as to whether the pension was merely a new form of poor relief answered "No." In Great Britain also it is declared old age pensions are not looked upon as poor relief but as an annuity due them from the government.

(7) Non contributory pensions by the state, argues the Massachusetts Commission, will result in "mischievous political

¹ Social Insurance, pp 314-15.

² The Survey N. Y. Jan. 17, 1914.

effects. It would open the door to political favouritism of various sorts." William H. Lackey contends that "Such a question would infallibly pass into the competitions of party warfare. It would become in most constituencies one of the most prominent of electioneering tests. Rival candidates would be competing for the vote of a wage-earning electorate who had a direct pecuniary interest in increasing or extending pensions and in realizing the conditions on which they are given. Can it be doubted that in many cases their first objective would be to outbid another, and that national and party politics would soon be forced into a demoralizing race of extravagance?"¹ These apprehensions of the Massachusetts Commission and Mr. Lackey have so far, however, not been realized in the countries that have established such systems. Even critics of these schemes have so far made no contentions that party politics has deteriorated or been affected considerably by the pension plans.

(8) The constitutionality of a non-contributory scheme is also questioned by the Massachusetts Commission. Strangely enough, however, it admits that firemen, policemen and teachers who "are not only rendering peculiarly hazardous meritorious services to society, but also have deprived themselves of the full opportunity of earning the largest returns for their services in a competitive way . . . have some claim upon the State for special consideration in the matter of public support in old age. This claim, however, cannot exist in the case of persons employed in the ordinary competitive callings." The fallacious reasoning of the Commission at this point is self-evident. Surely, those who toil in the bowels of the earth mining coal for the industries of the nation, those who bring the milk to the babies in the city, and those who provide us with food, clothing, shelter, and other necessities are just as essential to the public welfare as the classes enumerated by the Commission!

¹ The Forum Vol. 28 p 699.

The basis of the Massachusetts Commission's opposition to the non-contributory system is summed up in its concluding paragraph as follows:

"A non-contributory pension system is simply a counsel of despair. If such a scheme be defensible or excusable in this country, then the whole economic and social system is a failure. The adoption of such a policy would be a confession of its breakdown. To contend that it is necessary to take this course is to assume that members of the working class either cannot earn enough, or cannot save enough, to take care of themselves in old age. If that be true, then American democracy is in a state of decay which no system of public doles could possibly arrest, but would rather hasten." ¹

While the premises of the Commission are evidently true, as was shown conclusively in the earlier chapters of this book, it does not necessarily follow that its conclusions are logical. Woe to the patient whose physician upon diagnosing his illness throws up his hands in despair and rather than operate or admit the origin of the illness permits him to die, because he had discovered that the cause is a real one and not an imaginary one!

IV. THE CASE FOR AND AGAINST UNIVERSAL PENSIONS

In any discussion of the merits of the compulsory-contributory or non-contributory pension systems, the question whether it should apply universally or only to a partial extent is always to be taken into consideration. As compared with the present policy of poor relief, a universal pension plan means a complete reversal of this method. It is based no longer upon the theory of relief of destitution only. It aims to extend pensions without any conditions to all, or almost all, the aged above a certain age. The funds are to be drawn from the

¹ Report of Mass. Com. p 310.

common purse. This would necessarily involve a steady increase in both the number of persons and cost and would, as stated by Sir Charles Booth, mean that "The policy of doing so is the opposite of that adopted in savage states, where the old, when incapable, are knocked on the head." No such complete system, however, is as yet in operation anywhere. The principle of partial insurance or pensions is, as was pointed out before, established now in many countries. Pensions as established now by foreign countries are given only to men and women belonging to certain wage groups or to persons having fulfilled certain specified requirements.

The universal principle is advanced principally because, it is argued, if pensions were offered to all aged persons, it would remove entirely the savour of dependency or pauperism. Charles Booth, the foremost advocate of universal pensions in Great Britain, presented the case for such a system as follows:

"The idea in the minds of those who think that poverty and desert should be the conditions of relief, tend rather to an elaboration of the Poor Law, which by classifying those who ask its aid and varying the awards, shall make them as often a mark of merit as a stigma of disgrace. I must confess that this, to me, appears an impossible ideal. I can imagine no court of inquiry that could be trusted. I believe that the selected poor who receive pensions or were provided for in almshouses, to which only their poverty and their good conduct entitled them, would still be considered and consider themselves paupers, by whatever name they might be called. If to obtain a certificate of merit involved a searching inquiry into the past life of each applicant, it would, I believe, be strongly resented and most of all by the most worthy. Even the simplest form such an inquiry could take, limiting itself to proof of thrift, would be unsatisfactory, as the best proof of thrift would always lie in having no need to apply.

Mr. Booth further argues:

"Indoor relief lacks humanity and outdoor encourages improvidence. We are therefore justified in seeking some better plan. Pensions at 65 are suggested, to be acquired voluntarily with state aid. But to be effectual, the system must be universal, or the improvident would still trust to the rates (outdoor relief), and their treatment unceasingly oscillate between foolish kindness and unpopular severity. If the system is to be universal, it must be compulsory; and if compulsory, its cost, however collected, is taxation. Moreover, to be satisfactory, the system must apply to the old of our own time. We shall not tax ourselves for a benefit only to be realized after 40 years have passed. But if this system is to be universal, and to apply to our own old people, the forms of insurance become absurd. Why ear-mark the payments and accumulate funds at all? It is not insurance we require but the endowment of old age."¹

In another connection he states:

"Benefits which all may enjoy carry with them no slur. Educational endowments as enjoyed by the rich, free elementary education as bestowed upon the poorer classes, the facilities offered by free libraries etc., are cases in point. Pensions open to all and paid for out of taxation would have nothing, either morally or economically, in common with pauperism."²

And again: "No other plan of selection is possible except at sacrifice of independence. To select the poor is to pauperize, to select the deserving is to patronize. To do either is to humiliate."³

In favour of the universal plan is also urged its simplicity and cheapness of administration. This system requires no complicated or troublesome conditions of eligibility, nor does it entail many details.

Many of the objections to the universal plan have already been stated in the discussions of the compulsory and non-comp-

¹ Booth, *Pauperism*, p 235.

² Quoted by Mass. Com. p 241.

³ Booth, *Pauperism*, p 237.

tributory systems. What has been brought against the former systems may be applied equally well, and even more justly to the universal scheme. Additional objections may be summed up as follows:

(1) Its increased cost. A universal scheme is obviously the most costly of all pension systems, and, to give a pension to all people—well-to-do and wealthy who do not need them—is a waste of money.

(2) There are also objections against the giving of pensions indiscriminately to undeserving persons such as criminals or paupers. "The inclusion of criminals and paupers within the pensionable population is indefensible on any ground of individual desert or public policy. Such persons clearly have no claim to a pension, whatsoever may be true of the deserving and respectable aged poor. Moreover, the policy of pensioning the industrious and thriftless, the sober and the intemperate, the deserving and the undeserving, indiscriminately, would be in the highest degree pauperizing and demoralizing. It would put a premium upon thriftlessness and dependency."¹

(3) Any such state-wide scheme has no finality to it. Once embarked upon this venture, there would always be the agitation and temptation to reduce the age of pensioning and increase the pension amounts.

(4) Under a universal scheme there would be even less means of preventing fraud and imposition. This, it is pointed out, is continually taking place in army pensions.

(5) The pensioner may dissipate his income on the day when it is paid. The pension would benefit little those who are too old or infirm to live alone and must reside in institutions.

(6) No country has as yet embarked upon such a broad pension plan.

¹ Report of Mass. Com. p 243.

CHAPTER XII

THE PENSION MOVEMENT IN THE UNITED STATES

The movement for the inauguration of a definite and constructive social policy in regard to the superannuated workers in the U. S. is of comparatively recent origin. Aside from military and municipal pensions, government insurance or pensions in old age are not known in this country. Indeed, while in England legislative committees were seeking a solution for the problem of old age as early as the beginning of the 19th century, the first study of conditions of the aged in this country, authorized by a State Legislature, was not made until almost a century later. The first such study in the U. S. was authorized by the Massachusetts Legislature in 1907. Furthermore, while practically every government in Europe has now in operation a definite system of old age protection which has, in some countries, been in existence for many years, legislative solution of the problem of old age dependency in this country seems, as yet, so distant that it is almost considered an utopian ideal.

Although much more consideration has been given this problem by the different industrial organizations, who are confronted by it as a pressing economic problem, it is surprising to note that even in this field the movement has spread largely within the last decade. As was pointed out in an earlier chapter, the railroad concerns were the first to establish retirement systems; but prior to the present century there was practically only one railroad in the U. S.—the Baltimore and Ohio—that had inaugurated a pension plan for its aged employés. It is very likely that more than three-fourths of the pension systems of industrial concerns now in operation, did not begin

to appear until the last decade. In 1910, L. W. Squier upon sending out over 1,000 letters of inquiry to the largest employers of labour in the country, found only 29 systems of old age pensions of one kind or another in existence at that time. The Massachusetts Commission in the same year found only four firms with regular pension systems in that State. In 1919, also, the Pennsylvania Commission in canvassing all concerns in that State employing 500 and more workers, found only about 20 such concerns, exclusive of railroads, having a regularly established pension fund. Half of these, however, were not Pennsylvania concerns, but national in scope, such as the packing houses, International Harvester Company, etc. A thorough canvass made by the New York Merchants' Association in 1920, revealed only 142 regular systems throughout the country. The negligible number of employés in the receipt of such pensions has been already pointed out. Similarly, the scanty protection against old age afforded the working masses, by means of municipal pensions, fraternal and trade union insurance has also been shown in earlier chapters.

Although, from a pragmatic viewpoint there is little to point to tangible achievements along the line of old age insurance or pensions in the United States, the first steps towards a definite policy in regard to this problem have, nevertheless, been made within the last fifteen years—especially during the decade preceding our entrance into the European war. During that period a remarkable interest in this problem was displayed not only by numerous industrial concerns, business and commercial groups, and students of social insurance, but the first steps towards active governmental participation were actually taken by the appointment of a number of State Commissions to study this problem, through the endorsement of this movement by many high Federal and State officials, by the introduction of a number of bills in Congress providing for such pensions and by the actual adoption of a straight pension plan in the State of Arizona, the establishment of a

savings bank system in the State of Massachusetts, and the selling of insurance by the State of Wisconsin. The State Commissions, together with the pioneer students and advocates of social insurance in the United States, have, during the last fifteen years, created a formidable and exhaustive literature upon the subject, which at least takes these discussions out of the realm of speculation and ignorant controversy and places the entire problem upon a sound basis of fact and knowledge of conditions as they prevail in the United States.

As in the case of most social legislation, Massachusetts was the pioneer in providing some legislation in regard to the aged. Its savings bank system was authorized by the State Legislature in 1907. Under this insurance system the following forms of insurance are offered to residents of the Commonwealth of Massachusetts, or persons regularly employed therein: (1) Straight Life Insurance; (2) Twenty Payment Life Insurance; (3) Twenty Year Endowment Insurance; (4) Old Age Annuities; (5) Combination Insurance and Annuities and (6) Immediate Annuities. The maximum life insurance policy written is \$4,000 and the maximum annuity cannot be for more than \$800 per year.

The expenses involved in the administration of the savings bank insurance are borne largely by the State. In order to reduce the expenses involved in this form of insurance, banks are not permitted to employ paid solicitors or house-to-house collectors of insurance premiums. In addition, dividends to stockholders are also eliminated. As a result of this, it is claimed that savings banks are able to offer insurance at considerably lower rates than the rates formerly charged by commercial companies. In addition, every policy holder at the end of each year receives a check from the bank representing his share of the net profits of the business. The different insurance banks have agencies in large manufacturing and commercial establishments, people's institutes, social settlements and trade unions.

In 1907 the Massachusetts Legislature also adopted a resolution providing for: "an investigation and report relative to the adoption of a system of old age insurance and pensions." A Commission on Old Age Pensions, Annuities, and Insurance was then appointed which, after bringing in a preliminary report, was extended and given a larger appropriation, and in 1910 brought out a very comprehensive report. This was the first report of its kind to bring out exceedingly valuable information in regard to the actual conditions of the aged in the United States as well as valuable summaries of the European pension plans.

For five years the Massachusetts Report remained practically the only official report in this country which dealt exhaustively with the subject of old age dependency. The Massachusetts Commission declared itself against straight governmental old age pensions, on the ground that any such legislation whether on the subject of old age pensions or insurance, would be premature at that time. Its arguments against non-contributory pensions have already been presented in the preceding chapter. In regard to compulsory insurance the majority of the Commission declared:

"The adoption of any scheme of insurance in this State appears to be inexpedient at the present time. The practical objections to the principle of compulsion are weighty. The idea itself is essentially distasteful to Americans. In England it was abandoned as quite out of question, in view of the prejudice against compulsion. In this Commonwealth this practical objection is reinforced by constitutional difficulties. In view of these conditions, it would be futile to recommend any compulsory insurance system at this time. Whatever the outcome of American experiments with social insurance may be, whether in the direction of the final establishment of compulsory systems, or the extension of voluntary schemes, the introduction of the former can hardly be seriously considered now. In any event, long training in the development of voluntary insurance agencies seems desirable, to furnish the prep-

aration and foundation of any scheme of State insurance, if such should be found ultimately necessary and desirable.

"It is conceivable, however, that the final solution of the problem of old age insurance may be found in some system of obligatory State insurance."¹

On the other hand, Mr. Arthur M. Huddell, one of the dissenting members of the Commission concluded:

"I am convinced that the fact of being compelled to live in the poorhouse or dependent upon private charity in old age has a more degrading influence on character than anything else, and should be eliminated from among working people. A non-contributory pension system would stimulate the citizen and help to build up his character. It would not discourage thrift, as the man who has an opportunity is only too eager to save, and he would strive to save over the long road of life to the pensionable age, so as to provide for the breakdowns by sickness or disease that every man fears.

"The thrift habit is hard to build up among the poorer class of people because they do not earn money enough to make even a beginning."²

The Massachusetts Commission also declared that it found in Massachusetts "no alarming amount of old age destitution." It contended: "If any general system of old age pensions is to be established in this country, this should be undertaken by the National Congress."

In 1915, the Industrial Commission of Wisconsin brought out a concise and able report on old age pensions, though less comprehensive on its informational side. The Commission, besides presenting the pension systems abroad, also conducted an investigation regarding the status of the aged population in Wisconsin. Although the Commission stated that "the present report is not to be taken as an endorsement of any

¹ Mass. Report pp 310-11.

² Ibid p 334.

plan or scheme of old age pensions, but rather a suggestive advocacy of legislation, favourable to the idea," the Commission did present definite plans for old age relief, which combined both the straight pension and the voluntary insurance scheme. Its plan for a straight annuity provided for the granting of a pension at the age of 65, or 60 years if permanently incapacitated, to U. S. citizens after they had resided ten years in Wisconsin. Before a person could qualify for this pension the plan also stipulated that he must be of good moral character and that he did not have property above debts, valued at more than \$500, exclusive of a homestead, nor more than \$2,000 inclusive of a homestead. The applicant could have also no income more than \$300 per annum if married, nor more than \$200 if single. The amount of pension was proposed to be "such a sum which, when added to the applicant's other means of support, from whatever source derived, will suffice for the reasonable comfort and well-being of the applicant, but no pension shall exceed the sum of \$150 per annum per each person." In order to raise the necessary fund the Commission suggested that one-half of it be furnished by the State and the other half by the county. The State's quota, it was proposed, "should be raised by a special poll tax of \$1.50 per annum, upon all citizens of the State between the ages of 20 and 60." The Commission also proposed a State Insurance system which would sell old age insurance on weekly or monthly premiums and should offer insurance to trade unions, fraternal organizations and employers of labour. The administrative expense of the fund, it was suggested, should be borne by the State.

In 1917, the Ohio Legislature created a Commission on Health and Old Age Insurance, which made an extensive report on Old Age Pensions, giving a great deal of data on the conditions of the aged in Ohio, the conditions of the inmates of county infirmaries and a description of the general condition of

these institutions. In addition, there is some discussion of the European pension systems. The Commission's final recommendations were as follows:

I. The State should provide for the payment of a weekly pension not exceeding \$5.00 per week to all persons 65 years of age, but the combined pension and income of any such person shall not exceed \$350 annually.

II. The following shall be excluded:

1. Aliens and persons who have been citizens for less than 15 years.
2. Persons who have not been residents of the State for 15 years.
3. Persons convicted of a penitentiary offense, within 10 years.
4. Persons who have disposed of any property in order to qualify for a pension.
5. Tramps and professional paupers.

III. A voluntary system should be established and administered at the expense of the State so that individuals may purchase annuities not to exceed \$10 a week by regular payments or by lump sum purchase.

IV. A person 65 years of age or over who qualifies for a pension, but does not take his pension until later, should receive the deferred pension, computed from the date of qualification as an annuity when he does go on the pension roll. Such deferred pension shall not be considered in determining the amount of income in Section I.

V. The property in excess of \$100 of any person who receives an old age pension shall, upon the death of such person, be transferred to the State for disposal and from the proceeds thereof shall be deducted the amount which has been paid to the pensioner. Any residue shall then be paid to the lawful heirs.

VI. The old age pension system should be administered by a State Board of Pensioners, consisting of three members.

VII. A County Board of Welfare should be created to combine all of the welfare work of the county, including administration of old age pensions, mothers' pensions and blind pensions. The board should be unpaid and should employ a county welfare director

selected from a civil service list without regard to residence or political consideration."

Shortly after the appointment of the Ohio Commission, the Pennsylvania Legislature also created a Commission to Investigate Old Age Pensions. This Commission because of its very limited appropriation and short period of work could not arrive at definite recommendations. It therefore asked the Legislature to extend its life for a longer period. It brought out, however, in 1919 a very comprehensive report upon the subject. The Pennsylvania Commission's investigations of the aged in that State covered a wider scope and included phases not previously dealt with by any of its predecessors. It made exhaustive studies of the dependents in county poor-houses, private benevolent homes, and aged persons who resided in their own homes. It also made a study of the moral and financial conditions, as well as the general management of Pennsylvania almshouses. In addition, the report contains a summary of a great many pension schemes for old age protection as operated in foreign countries. The Commission summarizes its findings in that State as follows:

"Aside from the aged dependents found in almshouses, benevolent or fraternal homes, and those receiving public or private relief there is a considerable proportion (43 per cent.) of the aged population 50 years of age and over, in the State, who, when reaching old age have no other means of support, except their own earnings. Only a small percentage (38 per cent.) of the general aged population in the State claim to possess personal property of their own. This would indicate clearly that many of these aged folk—when their power of earning is steadily declining with advancing years—will fall dependent, in many cases through no fault of their own, either upon the State or upon private charity. The investigations also show that in most of the industries in our State, many workers become unfit before reaching the age of 50, with the inevitable result of steadily decreasing earnings. In certain industries, like that of the railroads, for instance, it appears that

more than half of the workers become impaired before their 50th birthday. It is also shown that when the prime of life has passed, many Pennsylvanians are compelled to change their occupations, which ordinarily involves a decline in wages. This decline, with the majority of aged people, appears to be due entirely to sickness and enfeebled age. The increasing problem of old age stands out even more significantly when it is remembered that while the earning power of most wage-workers is steadily decreasing, after a certain period of age has been attained, the expenditures on food and rents, even under normal price conditions, remain the same, while that on medicine is steadily increasing. The investigations also disclose that as far as Pennsylvania is concerned, the problem of support of the aged is largely a native problem, rather than an imported one. The immigrant paupers all claim to have had a long term of residence in both the United States and Pennsylvania.

"Regarding the aged paupers and the non-dependent aged classes, the outstanding differences lie, it would appear, in the respective family connections and physical conditions. In the almshouses pauper group, 40 per cent. were found to be single, 39 per cent. widowed, and only 16.9 per cent married. Among the inmates of benevolent homes for the aged, the percentages were 30.1 single; 58.3 widowed; and only 7.8 married. More than 65 per cent. of both of these groups had no children living and of those that had children, more than 90 per cent. were reported unable to help support. On the other hand, among the non-dependent aged, only 5.4 per cent. were found to be single, 38.2 were widowed, while 55.1 per cent. were married and still living together. Only 10.6 per cent of the latter group had no children living. Again, of the paupers nearly 90 per cent. had never possessed any property, while the percentage of the propertyless among the non-dependent aged, was 62 per cent. With regard to the physical condition, it is also shown that while 64 per cent. of the aged persons residing in their own homes were still in fair or sound physical health, the percentage of those in good health in pauper institutions was 35.9 in the case of inmates of the benevolent institutions, and only 12.3 per cent. in the case of the almshouse inmates.

"That dependency in Pennsylvania is not entirely due to the personal shortcomings of the individuals, is evidenced from the excel-

lent recommendations given practically all the inmates of almshouses, followed up by the Commission, by their former employers. Giving due consideration to the fact that most humans will strain a point rather than give a poor recommendation, the reliable qualities of these inmates are evidenced nevertheless, from the fact that most of these inmates have served for long periods of time with one employer (80 per cent. serving for more than 10 years).

"The Commission's investigations also disclose an exceedingly confusing and bewildering system of management of our county poorhouses. Not only do many of the officials connected with these institutions have little knowledge of the problems involved in the care of the aged, but there is obviously a laxity in the management of these institutions and the distribution of county funds. The State supervision of these aged homes is insufficient, loose and hardly competent. Careful records are kept in only a few institutions. There is no uniform method of accounting. Computations of costs are made in almost as many forms and methods as the men making them. Many of the per capita costs of almshouses given in the report of the State Board of Public Charities do not represent the actual cost. The latter do not include the interest on farm products. According to the Commission's estimate from records submitted by the directors of the poor to the State Board of Public Charities, the average cost per capita per inmate, in 1917, was \$5.87 per week. The cost in the private institutions was even higher than that. It is also shown that in a few instances the per capita costs were more than abnormally high.

"From the Commission's study of the existing means providing for the protection of the aged and superannuated, it is also apparent that they are insufficient and can never be expected to meet the situation to any extent. It is shown that with all the numerous forms of aged benefits provided, only about 10,000 aged people in the State are actually benefited. Of the numerous large industries in Pennsylvania only about twenty make it a rule to care for their aged employés after long and faithful service. While all the large railroads in the State pension their faithful workers—after a long period of service—the number of railroad workers actually benefited, as compared with the total number of workers in this industry is insignificant. It also appears that only the first

and second class cities in Pennsylvania provide against the old age of their various municipal employés. The number of persons who may expect old age benefits, as such, from fraternal or trade union organizations is hardly worth considering."

In its bill, submitted to the 1921 Pennsylvania Legislature, the Commission proposed a system of non-contributory or gratuitous old age assistance. The system was to be administered mainly by a state board created for that purpose, although county boards were also set up for the purpose of rendering local assistance in administering the plan. Pension payments were proposed to commence at the age of 65 and were to be granted to all men and women, citizens of the United States, who have resided at least 15 years within the State. The bill also suggested that in the case of a person who has lived in Pennsylvania for 40 years, the residence requirements immediately preceding application should be reduced from fifteen to five years. Excluded from the receipt of pensions were the inmates of charitable and correctional institutions; and those whose income exceeded \$300 per year, or whose property was valued at more than \$5,000, inclusive of a homestead. The bill permitted the retention of a homestead, when personally used, and provided for the deduction of the total amount granted in pensions, from the proceeds of the accumulated property upon the death of the pensioner. The maximum pension was set at \$25 per month and the funds were to be raised by the State, either through a special tax, or by raising the current inheritance taxes. The Commission estimated that about 100,000 persons 65 years and over in Pennsylvania would qualify for pensions which would involve an annual cost of from \$18,000,000 to \$20,000,000.

In 1919, the Connecticut Commission on Public Welfare while it made no extensive study of its own of the problem of old age in that State concluded that:

"We may criticize the ineffectiveness and the cost of existing

forms of voluntary insurance against the disabilities of age, just as we may realize that a considerable burden is imposed on the State by the maintenance of those who, for one cause or another, are unable either to work or to find work and so become wholly dependent on the State or on private charity. Notwithstanding this, it is doubtful if the situation in Connecticut, with regard to the extent of the disability or the necessities of those who become so disabled, is so acute as to call for the initial experiment in this report to be made by the General Assembly."

Commissions to study the subject of Old Age Pensions were also appointed by the States of California, Illinois, and New Jersey. The latter Commissions, however, were instructed to study both Health and Old Age Insurance and while they have brought out reports on the health insurance question, have given little consideration to the problems confronting old age.

In addition to investigating commissions upon the subject, there have been several attempts at definite remedial legislation. For several years past the Massachusetts Legislature as well as the Legislatures of a few other States had a number of bills presented which provided for old age pensions. In the 1920 Legislature of Massachusetts five different bills providing for old age pensions of one form or another were introduced. So far, these have all met with little success. Definite legislation on the subject in this country was first made in Arizona in 1915. Through the initiative and referendum a law was enacted in that year for the granting of old age pensions to all needy citizens of the United States who have been residents of the State of Arizona for at least five years and who have reached at least 60 years of age. The amount of the pension was set at \$15.00 per month. The act, however, was promptly declared unconstitutional by the Supreme Court of Arizona, and no concrete legislation upon old age insurance or pensions has as yet been adopted by any State in the Union.

Even the National Congress did not escape the introduction

of bills dealing with remedial legislation upon the aged problem. The first bill was introduced by Congressman William B. Wilson (ex-Secretary of Labour), in 1909. This bill provided for the establishment of a national old age pension system of \$120 per year for all persons over 65 years of age whose property possessions did not amount to over \$1,500 or whose income did not exceed \$240 a year. This bill was drawn up under a subterfuge of organizing an "old age home guard of the United States," in which the bill proposed men and women of that age could enlist in order to receive a pension. Nothing, of course, came out of this bill.

In 1911 Congressman Victor L. Berger—the first Socialist representative—introduced a bill providing a pension of \$4.00 a week or less to all persons 60 years of age and over who do not possess an income of over \$10 a week. The bill required 16 years of citizenship, good and moral character and provided for the pension to increase or decrease every twelve months in accordance with a sliding schedule. This bill attracted great attention and brought the problem of old age pensions before the public at that time as never before. Another bill was introduced by Congressman M. Clyde Kelly, on June 10, 1913. Mr. Kelly's bill proposed to pension all persons who have attained 65 years of age, who have been citizens for 20 years, and whose income during the 12 months next preceding the application did not average nine dollars per week. The bill excluded from the receipt of pensions, persons who habitually refused to work, paupers and criminals. The amount of the pension was graded according to the claimant's income, ranging from four dollars per week, if the income was less than six dollars, to one dollar if the income did not exceed nine dollars per week. The administration was to be in charge of the Secretary of the Interior.

Since then several other bills providing for old age pensions have been presented in the United States Congress. Before the 66th Congress there was a bill providing for Old Age

Pensions, patterned after Mr. Kelly's bill, introduced by Senator Charles L. McNary, of Oregon. This bill aimed to pension all persons who have attained the age of 65 years, who have been citizens for 20 years, and whose income from any source for the twelve months next preceding the application did not average six dollars per week. Pensions were not to be given to persons who had habitually failed to work according to their ability or who were being maintained as paupers or inmates of correctional institutions. The bill proposed that every person who fulfilled the required conditions, should be placed upon the pension roll and be entitled to receive a pension, which was to be provided by an annual appropriation from Congress. The pension was to be graded according to the following schedule: "four dollars a week when the average weekly income of the pensioner, as calculated under the act, does not exceed six dollars; three dollars when the income exceeds six dollars but does not exceed seven dollars; two dollars when the income exceeds seven dollars, but does not exceed eight dollars, and one dollar when the average income exceeds eight dollars, but does not exceed nine dollars. The bill further provided that the pension may be increased or decreased every twelve months, whenever the pensioner's income increased or decreased, according to the terms of the schedule. When both husband and wife are pensioners and living together the pension of each was to be three-fourths of the regular rate. The administration of this act was to be in charge of the Secretary of the Interior.

In tracing the movement for old age protection in the United States notice must be taken not only of the interest displayed by the State and national legislatures but also of the important recognition given this subject by industrial experts, business and commercial bodies, political and church organizations and other associations of various kinds as well as the demands for such legislation steadily and vigorously made by the growing labour movement of the United States.

The second industrial conference called by President Wilson, in its report of March 6th, 1920, declared:

"There have been many plans of health insurance and old age insurance elaborated in other parts of the world and advocated in the United States. Without discussing whether such plans, when based upon government subsidy or compulsory action, are consonant with American ideals, the Conference believes that an extension and simplification of the insurance principle as a means of promoting thrift, saving and independence, would be advantageous to the people. The alternative to such insurance against sickness and old age lies in a wage adequate to cover these items. The Conference therefore suggests that the Federal Government should inaugurate a careful, authoritative investigation on the whole subject.

"The problem of health and old age insurance, and its promotion by some means consonant with national ideals, demands consideration. If such means can be devised, they will furnish a relief to the states in the care of the ill, the indigent and the aged."

So far, the sentiment of the business and commercial groups in this country has not been very sympathetic towards any governmental action in regard to the aged. In 1917, the Boston Chamber of Commerce selected a special committee to study this problem, which, apparently influenced by the conclusions of the Old Age Pension Commission of that State, declared in its report:

"Your Committee has considered various plans for non-contributory old age pensions and is unanimously opposed to any such measure with the non-contributory feature for the following reasons:

"1. There is no such need for legislative provision for old age in Massachusetts as there was in any foreign country in which legislation has been enacted. Pensions in any case would be less necessary than health insurance. Health insurance and accident compensation lead to preventive measures and increase the earning

power of workers, but old age pensions are remedial, not preventive and are, therefore, less valuable socially.

"2. These foreign systems which involve contributions from employés are, therefore, preferable to the English system of outright payment. In France and Germany the worker gets his pension as a matter of right even when he is not poor. In England and under the proposed plan for Massachusetts only the poor may have pensions. That is, the proposed plan has essentially a poor law character and is not an industrial measure.

"3. Non-contributory pensions weaken the inducement to thrift.

"4. The inevitable effect of the establishment of a system of non-contributory old age pensions would be a constant pressure to lower the age limit and increase the amounts of the pension.

"5. The proposed Massachusetts law would tend greatly to increase the taxes; and Massachusetts is at present making a radical experiment with its tax laws. The pensions now proposed are low, the age of eligibility is high, and few except the almshouse old are recommended to be dealt with. The proposed tax burden will therefore increase greatly in succeeding years.

"6. To raise the necessary money large extra taxes would have to be levied on the capital and industries of the Commonwealth. This would result in the first instance in a serious disturbance to present industrial conditions. It might also have a tendency to lower wages.

"7. Owing to the uncertainty of conditions due to the great war, it would be unwise for the Commonwealth to assume a large increase in its liabilities.

"8. The constitutionality of such legislation is extremely doubtful."

The National Association of Manufacturers also had a committee studying the problem. This Committee declared in its report that:

"It is fair to state, however, that every able-bodied man who is reasonably intelligent and industrious should through his own efforts on reaching the age of 65, have this provision available. This does not mean that every man should have set aside enough himself, although many ought, but certainly should have set aside something so that with aid from his children, he and his wife

should have at least the means of existence and not become dependent on the state or the community.

"Generally speaking, the people of the United States may be divided into two classes in their means of support upon reaching the period of superannuation, viz: those who have the means of support and those who are the subjects of poor relief. This does not include those who are mentally or physically deficient and who may be the inmates of public institutions and not regarded as coming under the category of poor relief."

And it concluded, that: "After careful consideration of the entire question of old age insurance and considering particularly the importance of preserving the best quality of citizenship for the United States and the maintenance of our institutions on the best basis, your Committee recommends the following resolutions:

"We believe that evidence is lacking to prove a present necessity for the enactment of old age pension legislation for the civil population and we further believe that it is a moral responsibility of the employer to encourage, assist and inspire his employes with the importance and necessity of ways and means for making provisions for contingencies of life, including old age."

The merits of the above arguments have been discussed earlier and need not be repeated here. To what extent these conclusions are based upon facts has also been indicated in the preceding chapters. However, a more sympathetic note is struck by Alba B. Johnson, President of the Baldwin Locomotive Works and of the Pennsylvania State Chamber of Commerce in his introduction to a special report on Old Age Pensions prepared for the latter organization in 1919. Mr. Johnson states:

"A new principle is coming to be recognized, viz: that a large proportion of those who are unfit for the competition of life are so through no faults of their own, but because of faults in the social system for which they have had no responsibility. Their incompetence is part of the burden which should be carried by the more competent and the more fortunate. In our complex civilization there are also many who are rendered unfit by occupation or by ac-

cidents unavoidable in the processes of industry. The undeserved penalty therefore should be borne by the community as an essential part of the cost of production."

Although planks on social insurance were not adopted by the leading political parties in the last campaign, despite their recommendation by the advisory platform committees, the question has been before the American public as a political subject by its inclusion in the platform of the Progressive Party in 1912, while the demand for an old age pension plan has been a permanent plank in the platform of the Socialist Party since its beginning and was contained also in the platform of the Farmer-Labour Party.

The importance of the problem of the aged is now also recognized by the churches and their leaders. The Federal Council of Churches of Christ has since 1911 included in its social creed a plank for suitable provision for the old age of the workers.

The administrative Committee of the National Catholic War Council composed of four Catholic Bishops also declared in their social reconstructive program in 1919:

"The State should make comprehensive provision for insurance against illness, invalidity, unemployment, and old age. So far as possible the insurance fund should be raised by a levy on industry, as is now done in the case of accident compensation. The industry in which a man is employed should provide him with all that is necessary to meet all the needs of his entire life. Therefore, any contribution to the insurance fund from the general revenues of the State should be only slight and temporary. For the same reason no contribution should be exacted from any worker who is not getting a higher wage than is required to meet the present needs of himself and family. Those who are below that level can make such a contribution only at the expense of their present welfare. Finally, the administration of the insurance laws should be such as to interfere as little as possible with the individual freedom of the worker and his family. Any insurance scheme, or any

administrative method that tends to separate the workers into a distinct and dependent class, that offends against their domestic privacy and independence or that threatens individual self-reliance and self-respect, should not be tolerated. The ideal to be kept in mind is a condition in which all the workers would themselves have the income and the responsibility of providing for all the needs and contingencies of life, both present and future. Hence all forms of State insurance should be regarded as merely a lesser evil, and should be so organized and administered as to hasten the coming of the normal condition."

The demands made by the labour unions for such plans have already been pointed out.

At the time of this writing there are a number of bills providing for old age pensions before the various State Legislatures. Their fate is as yet unknown. But whatever that may be it is obvious to all students of the problem that the movement for social insurance in the United States is growing rapidly and must succeed eventually.¹ On the whole, one may say, that social insurance in this country is being opposed by practically the same groups who fought against the adoption of workmen's compensation laws, child labour regulations, and similar social legislation, which are now on the statute books of practically all states. It may well be that the inauguration of old age pensions in this country will be preceded by health and invalidity insurance provisions. But that a complete program of social insurance cannot for long be ignored or postponed is now evident to all who are willing to face the facts as they are, rather than hark back to traditions or prejudices which have no basis in fact at the present time.

¹ In 1921 bills providing for old age pensions were introduced in the following states: Illinois, Indiana, Iowa, Kentucky, Massachusetts, Montana, New York, Ohio, Pennsylvania, Washington, and Wisconsin.

PART FIVE

**OLD AGE INSURANCE AND PENSION
SYSTEMS OF FOREIGN COUNTRIES
AND VARIOUS STATES**

CHAPTER XIII

VOLUNTARY AND SUBSIDIZED SYSTEMS OF OLD AGE INSURANCE

The first State efforts to relieve the problems of old age were generally made by means of some form of voluntary or subsidized savings insurance. The adoption of the compulsory principle of insurance against old age was unthought of at first. The States' assistance was limited to encouraging and helping the wage-earning classes to accumulate savings which would protect them against old age. The Teutonic nations were the first to inaugurate the compulsory principle of social insurance. In the early days Latin speaking countries were proud of the fact that they did not adopt the German principle of compulsion and, instead, established voluntary systems of savings insurance. English speaking peoples, on the other hand, have generally followed the non-contributory or straight government pension plans.

Voluntary and Subsidized Old Age Savings Systems were established as early as the middle of the last century. Although practically all countries started out with voluntary insurance plans the latter are in operation now in comparatively few countries. Most nations were compelled to abandon them as ineffective and substitute either compulsory insurance or straight pensions. France was the first to follow Germany's example in adopting a compulsory old age insurance system in 1910. Since the signing of the Armistice, Italy and Spain have also changed from voluntary to compulsory insurance, while a few other countries have either adopted compulsory insurance plans or have been considering the adoption

of such recently. The merits of these plans and the reasons for their abandonment have been discussed in an earlier chapter and need not be repeated here. In the chapters that follow an account of the old age pension systems as they exist abroad is presented. An effort has been made to bring them up to date. However, on account of the war, and the general difficulties of securing European data which resulted from it, this aim has been only partly realized.

BELGIUM

The Belgian "General Savings and Retirement Fund" was originally founded in 1850 . As in the case of all voluntary insurance plans, it was created for the purpose of inducing wage-earners to provide for their old age, by affording them opportunities to save under the protection of the government. During the fifty years that followed the establishment of this fund many devices were employed to attract a greater number of persons to make deposits. This was done by reducing still further the minimum of deposits, by influencing children from six to fourteen years of age to join the fund and by appropriations for annual subsidies made by the national and provincial governments to mutual aid societies and similar organizations which induce their numbers to join the fund. In spite of all these encouragements, however, there was little success made in securing any considerable number of wage-earners to make deposits and provide for their old age.

In 1900, a law was enacted which sought further to encourage wage-earners to provide annuities for their old age by adding state subsidies to their own deposits and by giving special grants to the needy aged. The law permitted any person over 18 years of age to pay into the fund for himself or for another person. The depositors were not required even to make regular payments either at fixed periods or of a fixed amount. The minimum of deposit was one franc (normally 19 cents). The principal aim of this fund was to

attract the poorer classes, as the law excluded from benefits those classes who paid above a certain maximum amount in taxes or licenses, as well as state officials who were entitled to old age pensions by virtue of previous laws. The annuities were paid at the age of 65 and could not exceed 1,200 francs (\$231.60). In addition to the regular annuity the government made a contribution in the form of a premium which was added to the sums paid by the insured. The government subsidies ceased when the total credited to the insured person was sufficient to secure him an annuity of 360 francs (\$72.00).

The government subsidies granted under the law of 1900 were small and did not prove sufficiently attractive to the old people. The amounts were therefore increased by an amendment passed in 1903. The latter provided a government allowance of one hundred per cent. on the first six francs (\$1.16) deposited by a person who on January 1st, 1903, was between the ages of 40 to 45; the subsidy increased to 150 per cent. for those who were between the ages of 45 to 50 on that date, and amounted to 200 per cent. on the first six francs for those persons who were 50 years old at the time the law was enacted. These extraordinary subsidies naturally increased the number of depositors tremendously. According to Dr. Rubinow:¹ "In 1890 the number of insured was only 12,000 and under the influence of the subsidies began to grow, though slowly, and by 1899 it amounted to 169,000. The systematic granting of subsidies ordered by the act of 1900, in one year doubled the number of depositors. In 1902 it reached half a million. The increase in the rate of subsidies in 1903 brought the number to 636,000 and by 1910 it was well over 1,000,000." There are no figures available in this country to show the tendency of the savings fund since the conclusion of the war. Savings in general, however, have greatly increased in Belgium. During the last eleven months of the year 1919, the Belgian post-office savings banks re-

¹ "Social Insurance," p. 242.

ceived deposits amounting to 868,000,000 francs as against 262,000,000 francs in 1918.¹

The savings fund could not meet the immediate problem of old age. The Belgian government, therefore, in addition to subsidizing savings, practically established a system of temporary old age pension grants. These pensions were given to all persons 65 years of age and over, provided they were Belgian subjects and had been residing in Belgium at least one year prior to their application for relief. These straight pension grants were given only to workmen, i. e. "men and women actually working with their hands for an employer, in consideration of a wage, whether such work be performed on time wage or piece wage, at home or away from home, and whether it be domestic, agricultural, industrial or handicraft work." The claimant, the law also specified, must be in want, which was defined as "a state in which the resources of the person are insufficient to enable him to support himself and his family in accordance with the standard of comfort prevailing among workmen of his trade in the district in which he resided."

The amount of the straight pension given was very small, namely 65 francs (\$12.55) per year. The pensions were originally intended to cease in 1911 and government subsidies were to be given only to those who had made deposits in the savings fund. However, in May, 1911, the law was further extended to continue till 1914.

The experiences of the Belgian fund are sometimes pointed to as indicating the success of voluntary insurance. However, while it is true that the Belgian experience has proved quite successful, it must be accounted for by the extreme measures undertaken to attract depositors. It is obvious that subsidies of 150 to 200 per cent. would attract a great number of persons. But these are hardly different from straight pensions. Prior to the war, it was also claimed by students of

¹ Economic Review, March 31, 1920, London.

social insurance that in spite of all efforts, the average annual payment per deposit in Belgium was steadily declining.¹

CANADA

The Canadian Parliament, in 1908, passed an act authorizing the issuing of government annuities for old age. This act was amended in 1909, in 1910, in June, 1913, and in 1920. The law originally authorized the Minister of Trade and Commerce to make contracts with any person domiciled in Canada for the sale of an immediate deferred annuity, as follows: "(1) for the life of the annuitant, (2) for a term of years certain, not exceeding 20 years, provided the annuitant shall so long live, (3) for a term of years certain, not exceeding 20 years, or for the life of the annuitant, which ever period shall be the longer. Also for an immediate or deferred annuity to any two persons domiciled in Canada during their joint lives and with or without continuation to the survivor."

The system of government annuities is at present in charge of a Superintendent of government annuities in the Post Office department. Payments are made in three forms: weekly payment, yearly payment, and single payment. The rates for females are somewhat higher than those for males. Premiums may be paid to the department directly or to any postmaster. Any person resident or domiciled in Canada may now purchase an annuity. Plans are also provided by which employers may co-operate with their employes in the purchase of annuities.

No annuity can be granted on the life of any person other than that of the actual annuitant. It cannot be less than

¹ According to the latest information available, Belgium has apparently abandoned its voluntary system and has adopted instead a straight pension plan. The December, 1920, American Labour Legislation Review (page 230) states that on Aug. 20, 1920, a new old age pension law was enacted in Belgium. "Persons born before 1858 upon reaching the age of 65 are to receive an annual pension of from 600 to 720 francs. This amount will be reduced if the claimant has an independent income, but certain sources of income are exempt. The cost of the pensions is to be shared five-eighths by the state, one-eighth by the province and two-eighths by the commune."

\$50 a year and the total amount payable by way of an annuity cannot exceed \$5,000 a year. The age limit of 55 years formerly required at which an annuity could begin was abolished in 1920. If the annuitant dies before the expiration of the specified number of years, the annuity must be paid to his legal representatives for the remaining number of years, unless agreements to the contrary have been made between the State and the annuitant. The rate of interest on moneys returnable was increased from three to four per cent. by the 1920 amendment.

Up to Dec., 1920, there were a total of 4,957 annuities issued in Canada. The total receipts up to the same date were \$4,751,677.17. The average amount of annuity purchased was about \$250.¹ This small number of annuitants is exceedingly significant in view of the fact that the Annuities Act "was passed in order to promote habits of thrift, and to afford facilities whereby the people of Canada might be aided and encouraged to make provision for old age by the purchase of Annuities" and by the department's advertising the fact that under the recent amendment if "a man who began at the age of 20, to buy an annuity of \$500 to commence at 60—which he could do at a cost of but little more than one dollar per week—were to die just before the first payment of annuity was due, his heirs would receive the tidy sum of \$5,191.83."

In addition to the voluntary system of insurance against old age, the government has also provided, for the benefit of the employés of the Intercolonial Railways and Prince Edward Island Railways, a separate fund which was established by an act of March 27, 1907, and which was later amended in 1908, and in June, 1913. Under this fund, the insured persons and the state contribute equal shares; the latter's contribution, however, cannot exceed \$100,000 per annum. The employé's

¹ Figures supplied by S. T. Bastedo, Superintendent, Canadian Government Annuities.

first monthly contribution is fixed at three per cent. of the monthly wages and the remainder at one and one-half per cent.. Pensions are given, (1) to those who have attained the age of 70; (2) to those who have become physically or mentally incapacitated; (3) to persons who have attained the age of 60 and wish to be retired from service (after 15 years of service in all three cases); (4) to persons permanently disabled, as a result of injuries while at work; and (5) to persons who at the time when the act was passed have already reached the age of 70 and who have been at least ten years in the service. The amount of the pension is based on one and one-half per cent. of the average monthly pay received during the eight years immediately preceding the granting of the allowance, multiplied by the number of years of service. The maximum pension is limited to \$20 per month, and cannot be more than two-thirds of the average monthly wage. It is also provided that before an employé can become entitled to participate in any of the benefits he must serve six months on probation, during which period he must contribute to the fund.

The Canadian Royal Commission on Industrial Relations in its report of 1919 declared:

"We recommend the question of making some provisions by a system of State Social Insurance for those who through no fault of their own are unable to work, whether the inability arises from lack of opportunity, sickness, invalidity, or old age. Such insurance would remove a spectre of fear which now haunts the wage-earner and make him a more contented and better citizen."

JAPAN

A postoffice life insurance system was adopted by the Diet of Japan in the 1915-16 Session and went into operation in October, 1916. The business is under the Minister of Communications. Each of the 7,000 postoffices in Japan acts as an agency for the receiving of contract applications and the collecting of premiums for life insurance policies. All per-

sons between the ages of 12 and 60 inclusive, are eligible for insurance.

Policies are of two kinds, whole life and endowment. The latter are divided into 10, 15, 20, 25, 30, 35 and 40 year endowment policies. Medical examination is not required but in all cases individual applicants must have a personal interview with a postoffice official. Provisions are also made for group insurance.

On March 31, 1920, there were a total of 1,599,715 insurance contracts in operation. The total premiums amounted to \$347,095 and the contracts in force to \$76,855,222. Over 58 per cent. of the policies were whole life policies and 41.6 per cent. were endowment policies.¹

In October, 1920, the government established a bureau in the department of Communications to deal with the question of State life insurance. Hitherto only a small section had been engaged in this work. The new bureau with its increased staff is expected to take up the matter of State life insurance on much broader lines.²

SWITZERLAND

There is no federal insurance law in Switzerland at the present time. Each Canton makes its own insurance provisions. As a result both the voluntary and compulsory-contributory insurance plans can be found there. The two voluntary cantonal insurance organizations are the Social Insurance Fund of Canton Neuchatel and the Old Age Insurance Fund of Canton Vaud. The former is a mutual organization with optional membership which was established by the cantonal law of May 15, 1906, and which enjoys a cantonal subsidy. It provides straight life insurance policies as well as combination and annuity policies.

¹ Labour Review, April 1921, p 191.

(2) Daily Intelligence, Vol 1, No. 5, Jan. 11, 1921, International Labour Office, Geneva.

Of the total number of policies in Canton Neuchatel during the year 1913, 6,620 policies, representing insurance to the amount of \$1,242,920, were straight life insurance policies, and 7,707 policies representing \$2,653,750, were mixed policies and 545 policies, representing \$50,180, were annuity policies.

The Old Age Insurance Fund of Canton Vaud was established by a law enacted in March, 1907. This fund combines old age insurance with the various forms of savings deposits. The premiums or deposits may be either definite or provisional. In the latter case deposits may be withdrawn within ten years after payment. The principal purpose of this fund is to enable employers to provide for old age insurance for their workmen without being compelled to risk losing such payments, in case of the premature death or disability of the insured. The insurance fund also makes special efforts to encourage deposits by women and children, especially school children. In addition the cantonal government makes very liberal contributions to the premiums or deposits of citizens of the Canton, who are industrial tradesmen or workmen, whose annuities do not fall due before their 55th year, and whose annual premiums or deposits range from six francs (\$1.16) and do not exceed 60 francs (\$11.58).

The total number insured persons in this fund during the years 1912 and 1913 were 13,823 definite and 14,996 provisional. The total premiums received during the same year were \$30,141 and \$33,531 respectively, to which there was added \$15,052 and \$16,664 cantonal contributions. The total payments to the insured amounted to only \$470 and \$724 respectively. The comparatively low payments are explained by the fact that the fund has been in existence a short time.

A commission of experts appointed by the Swiss Federal Assembly to study the problem of social insurance brought in a comprehensive report¹ in regard to the problem in June

¹ Message du Conseil Fédéral à l'Assemblée Fédérale, au 21, juin.

1919. The Commission recommended the adoption of a Federal compulsory insurance system against old age and invalidity. The insurance, it suggested, should be made compulsory either for certain classes of workers or for the entire Swiss population. The Commission recommended that the pensionable age be set at either 60 or 65 years. The contributions, the experts suggested, are to be made by the insured persons, the employers, the confederation, the Cantons and the Communes. It made no definite recommendations in regard to either the amounts of contributions or the pensions payable. It left to the law givers to decide whether they shall be uniform as in France, or shall vary in accordance with earnings, contributions and age as in Germany and in a few other countries. The Commission favoured a uniform rate of pension, however, although it did not preclude a modest graduation according to the length of time insured, or the taking out of supplementary insurance.

To meet the immediate needs of the aged, the Commission recommended the granting of straight annuities to those who have passed the age limit at the time the law is enacted. This to apply only during the period of transition, until this class gradually disappears. The Commission also recommended the continuation of the voluntary insurance plans now in existence for purposes of supplementary insurance.

MASSACHUSETTS

The Massachusetts system of Savings Bank Life Insurance and Old Age Annuities was devised and sponsored largely by Supreme Court Justice Louis D. Brandeis and the Massachusetts Savings Insurance League which Justice Brandeis organized. The plan first went into operation in June, 1908. Under the State law, savings banks were authorized to establish insurance departments, and to issue policies upon the lives of persons, as well as to sell annuities in accordance with the regulations provided by the State Insurance Commissioner.

These savings banks insurance departments have no stockholders and are established solely for the benefit of the depositors.

The Massachusetts system of Savings Bank Insurance is a State aided plan in so far as the State largely bears the expenses involved in the administration of the system, and aims to give to Massachusetts wage-earners and their families all that their money can possibly buy of real insurance. Justice Brandeis stated that the purpose of the act was (1) "To give Massachusetts wage-earners an opportunity to secure safe life insurance at the lowest possible cost, as a substitute for industrial life insurance; (2) To give to Massachusetts wage-earners an opportunity to make provisions for their old age by the purchase, out of current earnings, of annuities at the lowest possible cost. (3) It is also designed to furnish a partial solution of the problem of providing for the superannuated workingman, by making the opportunities for saving the workingman's money as numerous as the opportunities for wasting it."¹

In addition to purchasing straight life insurance policies, residents of Massachusetts may, under the State's Savings Banks Insurance System, secure also (1) Twenty Payment Life Insurance; (2) Twenty year Endowment Insurance; (3) Old Age Annuities; (4) Combination Insurance and Annuities; and (5) Immediate Annuities. The maximum annuity is limited to \$1,000. Agencies for collecting premiums have been established by the Insurance Banks in large manufacturing and commercial establishments, peoples' institutes, social settlements, and trade unions. In 1920 there were more than 300 such agencies scattered throughout the State. The amounts of the monthly payments for the different policies are given in a table on the following page.

For the eleven years the system has been in operation there were, early in 1920, over 20,000 policies written of all kinds.

¹ Report of Massachusetts Commission, pp 191-192, 1910.

**MONTHLY PREMIUMS OF SOME OF THE OLD AGE
COMBINATION INSURANCE ANNUITIES
IN MASSACHUSETTS**

Beginning Annuity at Age	—Old Age Annuity—		Combination Insurance & Annuity	
	\$200 Annuity at Age 60	\$200 Annuity at Age 65	\$250 Insur- ance and \$200 Annuity at Age 60	\$250 Insur- ance and \$200 Annuity at Age 65
15	\$1.68	\$1.06	\$1.89	\$1.28
16	1.76	1.10	1.97	1.33
17	1.84	1.16	2.06	1.38
18	1.94	1.20	2.15	1.44
19	2.04	1.26	2.25	1.50
20	2.14	1.32	2.36	1.57
21	2.24	1.38	2.47	1.64
22	2.36	1.46	2.59	1.71
23	2.48	1.54	2.72	1.79
24	2.62	1.63	2.85	1.87
25	2.76	1.70	2.99	1.95
26	2.92	1.78	3.15	2.05
27	3.08	1.88	3.31	2.14
28	3.24	1.98	3.49	2.25
29	3.44	2.08	3.68	2.36
30	3.64	2.20	3.98	2.48
31	3.84	2.32	4.11	2.61
32	4.04	2.44	4.35	2.74
33	4.34	2.58	4.61	2.89
34	4.62	2.74	4.89	3.03
35	4.92	2.90	5.19	3.22
36	5.24	3.08	5.53	3.40
37	5.60	3.28	5.89	3.60
38	6.00	3.48	6.29	3.82
39	6.44	3.70	6.75	4.05
40	6.94	3.96	7.24	4.31
41	7.48	4.22	7.79	4.59
42	8.08	4.52	8.40	4.89
43	8.76	4.86	8.09	5.23
44	9.54	5.22	9.88	5.61
45	10.42	5.62	10.78	6.02
46	11.44	6.06	11.80	6.48
47	12.62	6.58	12.99	7.02
48	14.02	7.14	14.39	7.58
49	15.66	7.78	16.06	8.25
50	17.66	8.52	18.07	9.00
51	20.12	9.38	20.54	9.87
52	23.18	10.36	23.63	10.88
53	27.16	11.54	27.62	12.07
54	32.50	12.92	32.97	13.48
55	40.00	14.60	40.48	15.19
56 .....	....	16.68	....	17.29
57 .....	....	19.28	....	19.92
58 .....	....	22.66	....	23.32
59 .....	....	27.20	....	27.88
60 .....	....	33.56	....	34.29

The number of old age annuities was less than 300. The small number of old age annuitants may be taken as a fair indication of the possibilities of voluntary insurance in this country. With a population of nearly four million and after eleven years' experience, less than 300 persons are taking advantage of this form of old age insurance in Massachusetts. Miss Alice H. Grady, Secretary of the Savings Bank Life Insurance, while admitting that the Massachusetts experience would seem to show that the people are either unwilling or unable to purchase old age annuities, contends, however, that: "this inference is not entirely correct, the simple fact being that the people do not know about them. For lack of funds we have not yet been able to demonstrate what could be done by means of an educational campaign to teach the people what deferred annuities are and the advantage of this form of savings against old age.

"We believe," continues Miss Grady, "that if the time shall come when we are able to bring home to our people, by means of a systematic educational campaign, the knowledge and benefits of this system, we shall find them both intelligent and responsive to this form of appeal, and ready to make voluntary savings against old age, as they are now learning to do against sickness and death."

That the Massachusetts experience with voluntary insurance has proved unsuccessful seems obvious. To explain the general apathy on the ground of mere ignorance is to ignore the basic problems discussed in the preceding pages. The difficulties of saving for old age are unquestionably more fundamental and are indicative of the success voluntary old age insurance systems may have in this country. Unfortunately, the persons who need this insurance most cannot take advantage of it. However, there are other advantages which, it is claimed, have come about as the result of the adoption of the Bay State plan. Miss Grady contends that: "Coincident with the establishment of savings-bank life insurance

in Massachusetts, the big industrial companies not only improved the conditions of their policies but also reduced the cost of their weekly premium insurance about 20 per cent. The great significance of this reduction has become increasingly apparent as the years have come and gone. For instance, during the year 1915, the wage-earners of Massachusetts alone paid to the industrial insurance companies on weekly premium policies the astonishing sum of \$12,000,000. Had it not been for the reduction in cost above referred to, it is a fair assumption that the amount paid to the industrial companies last year (1916) by our Massachusetts people would have been not \$12,000,000 but \$15,000,000. Those \$3,000,000 remain in the pockets of the Massachusetts wage earners or have been used by them to purchase other necessities of life. Bearing this in mind it is not difficult to understand why the State is willing to contribute the modest sum of \$20,000 a year toward the support of an institution which has been instrumental in bringing about this immense saving to our people. One might even go so far as to hazard the suggestion that the people of Massachusetts are getting an extraordinary good return on an exceedingly small investment.”¹

WISCONSIN

In 1911 the Legislature of Wisconsin authorized the issuing of policies of life insurance and annuity contracts by the State. This was done by establishing a “Life Fund,” “to be administered by the State without liability on the part of the State, beyond the amount of the fund, for the purpose of granting life insurance and annuities, to persons who at the time of the granting of such insurance and annuities, are within the State or residents thereof.”

Applicants must be between the ages of twenty and fifty inclusive. These may purchase the following policies: (1) Ordinary life; (2) Twenty payment life; (3) Ten year endowment; (4) Endowment at age sixty-five; or (5) Term

¹ Bulletin United States Bureau of Labour Statistics, No. 212, p 903.

to age sixty-five. The advantages of this state fund are: (1) Its soundness; (2) Its low cost of operation, as profits are eliminated and no agents' commissions to be paid; (3) No great overhead expense, as it is under the State Insurance Commissioner and only clerical help are being paid from the Life Fund.

When the Wisconsin Life Fund was established its promoters, among the many other advantages claimed for it, declared that: "it is the stepping stone to annuities to protect old age and perhaps to solving other economic and industrial problems." Unfortunately, the life-fund in Wisconsin has been a political pawn. It was sponsored and established during a LaFollette State administration and the Fund was fairly successful in its first few years. Then an opposing State administration came in and efforts to develop the life fund have slackened until it has become practically unknown in the State. Today, it is said that the only persons who are maintaining their insurance policies are the university professors at Madison.

CHAPTER XIV

COMPULSORY-CONTRIBUTORY OLD AGE INSURANCE

AUSTRIA

A system of old age insurance for salaried persons and several other classes, was advocated in Austria as early as 1888, about the time the German Old Age Insurance plan was adopted. The first bill providing for such insurance, however, was not introduced until 1901. The first law enacted went into effect on January 1st, 1909. This act provided a limited system of contributory old age and invalidity insurance, restricted to certain classes of salaried employés. On June 25, 1914, the law was amended in essential respects by an Imperial decree, which was to become effective on the first of October, 1914. On account of the declaration of war, an order dated August 24, 1914, provided that the benefits should be retroactive as from the first of August, 1914.

Although the object of this insurance also was to build up a right to an invalidity or old age pension for the insured persons, the Austrian system differed from most other compulsory schemes. For instead of being a system of working-class insurance, it was established for the middle-classes and the salaried employés. Under this plan only the following classes were compelled to insure: (1) Employés working in Austria, who have the character of officials by virtue of their position; (2) Those engaged in duties of a preponderately intellectual character, both of which groups must have at least a total annual income under one and the same employer of 600 kr., (normally \$121.80); (3) Those engaged in the man-

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agements of works or departments of works; (4) Supervisors over the work of other persons; and (5) Those serving on the staffs of offices and counting-houses. Salesmen and other clerks were included under the compulsory insurance only if they have received the required higher education. The law did not compel those engaged in domestic service, to insure, or as workers and apprentices in the production of goods, in industry, mining, agriculture and forestry. Exempted from the compulsory insurance were also persons who did not enter an employment to which the insurance applies until they were 55 years of age; employés of the state, communes, etc., for whom other provisions have already been made, but only in case their pension is higher than the lowest provided by the law. A number of other classes of employés were also exempted.

The obligation to insure under the Austrian law begins at the end of the 18th year. The insured are divided into six classes, according to their annual salaries which range from 600 kr. (\$121.80), for the lowest class, to over 8,000 kr. (\$609) for the highest class. Allowances, gratuities, etc., are included in the total income. The premium paid monthly for the six classes, prior to the war, ranged from six kr. (\$1.22) to 30 kr. (\$6.09), and by the 1920 amendment was increased in the same proportion for the various classes. The employer was made to pay two-thirds of the premium in the four lower classes and one-half of the premium in the two higher classes. An amendment adopted July 23, 1920 increased the classes to 16, ranging from 600 kr. as originally required in the lowest class to those earning salaries of 18,000 kr. in the highest class. In case of an annual income over 7,200 kr. (\$1,461.60), the insured person was to pay the whole premium himself.

An old age pension was to be paid, in the case of insured men, either after 40 years of contribution at any age, or it was to be paid after five years of contribution on reaching the age of 70. In case of women, only 35 years of contributions

were required, when the age of 55 had been reached, or after five years of contribution after reaching the age of 65. This was changed by the 1920 amendment to 60 for men and 55 for women. The amount of the pension varied with the salaried classes and the number of contributions made. The pension ranged from 180 kr. (\$36.54) for the lowest class to 270 kr. (\$54.81) the second class; 360 kr. (\$73.08) the third class; 540 kr. (\$109.62) the fourth class; 720 kr. (\$146.16) the fifth class, and 900 kr. (\$182.70) for the sixth class. The new amendment increased this pension to 645 kr. for the first class and 5400 kr. for the sixth class. Pensions of half the amounts were also paid to the widows of insured persons, who drew an invalidity or old age pension during their lives or had acquired a right to such a pension.

The administration of the insurance plan is under a central pension institution and its local offices. In 1911 there were 108,311 persons insured in Austria. Due to the Allies' partition of Austria and its general state of bankruptcy, comparative statistics at the present writing, even if they are possible, would be of little value.

The State also has had a compulsory old age pension fund for the government mining employes which was established as early as 1854. The State paid one-half of the contributions to that fund.

CZECHO-SLOVAKIA

Compulsory insurance against invalidity and old age for salaried employes was established in what is now Czecho-Slovakia, as the result of a law of 1906, which was amended in 1914. The following forms of insurance are offered: (1) Invalidity pensions in case of incapacity for work; (2) Old age pensions to men after 40 years of membership, and to women after 35 years of membership; (3) Pensions corresponding to one-half of that granted the insured to the widow of the insured; (4) Grants for the education of children until they reach 18;

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and (5) A grant from the total indemnity in case the insured dies within the first five years. In the case of invalidity pensions medical care is provided in addition.

As is the case with the Austrian system the insurance is compulsory for those who are 18 years of age and upward whose income exceeds 600 crowns but not over 3,000 crowns. The contributions from both employer and employé as well as the pensions are similar to those described in the Austrian system.

In 1919 the following amendments to the law were to be submitted to the National Assembly: (1) The age for admission to be decreased from 18 to 16 years; (2) The minimum salary conditions to be abolished and new salary levels to be included in the compulsory law; (3) The invalidity and old age pensions to be supplemented by grants for education of children; (4) The provision of a burial benefit; and (5) That the pension be increased up to the amount of 50 per cent. if the health of the beneficiary requires the constant care of outsiders.¹

CHILE

In February 1911, a law was enacted in Chile requiring state railroads to establish an insurance fund for the retirement of incapacitated salaried employés and workmen and for the compensation of persons injured in the service.

The fund is made up from the following sources: (1) By deducting five per cent. from the employés' wages; (2) By the retention of the first monthly increase in pay; (3) By the accumulation of fines and penalties, unclaimed pay, etc., and (4) By adding 54.8 cents to every \$365 receipts.

Office employés who have been in the service for ten years and who are completely incapacitated for work, may be retired with as many fortieths of 75 per cent. of earnings

¹ G. Sousek, *La Conférence du Travail et l'État Tshecko-Slovak*, 1919. p. 61-63.

as their years in service. Day labourers employed in the maintenance of ways, etc., having ten years of service and totally incapacitated for work may be retired with 50 per cent. of wages. Persons engaged in the upkeep of rolling stock, 65 years of age, 30 years in the service and incapacitated for work, retire with 50 per cent. of wages. The year's work must be of not less than 250 days.

Persons permanently incapacitated because of accident are compensated by the payment of full wages.

FRANCE

For more than half a century France has experimented with voluntary and subsidized old age insurance, but without success. Finally in 1910 France was the first country to follow Germany's example, and adopted a national compulsory system of old age insurance. The original act has since been amended several times, especially by the acts of September 20, 1912; August 17, and December 25, 1915.

The present act provides that all workers and peasants (salaried or wage-earners) earning less than 3,000 francs (normally \$579) must take out old age insurance. State employes who do not come under the regulations of civil and military pensions are also required to insure themselves. The law exempts several large industrial groups who were already protected by more liberal compulsory provisions. The insuring of a person may begin from the age of 12.

The contributions to the insurance fund are of three kinds, depending upon the age and sex of the insured person. Adult males pay nine francs (\$1.34) per year; adult females six francs (\$1.16) per year; and minors under 18 years of age pay four and one-half francs (\$0.87). The employer is required to duplicate this contribution and is also made responsible for the entire payment of the premiums. He is permitted to de-

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duct the worker's share from his wages, and receipts it by a system of special stamps which are affixed to the employé's card.

The age when one may be pensioned is 60. Pensions may be drawn, however, at 55 with a proportionate deduction in both the amount of pension and the state subsidy. The amount of a pension is based upon the number of contributions made and the age of the insured. In order to obtain a regular pension, 30 payments are required. This is reduced to 28 for all who have performed at least two years of military service; and in the case of women, one annual payment for the birth of each child is deducted from the required thirty years. The State adds to each regular pension 100 francs (\$19.80). This is still more increased by one-tenth to those persons, of either sex, who shall have brought up at least three children to the age of 16. For those who have made less than thirty payments, but more than fifteen, the state subsidy is computed on a basis of 3.33 francs (\$0.64) for each year of contribution. No state subsidy is given in cases of less than fifteen annual payments.

To meet the immediate problem of relief for the aged, the law of 1910 also provided that all persons who were already 35 years of age at the time the law was passed, must insure. To those between the ages of 35 and 40, regular state subsidy was given. If 46 years old, in 1910, the subsidy was raised two francs and thereafter it was raised two francs for every additional year at which insurance began. Those over 65 years of age at the time the law went into effect, were continued to be given pensions in accordance with previous laws.

On January 1, 1914, the number of insured persons was 7,710,380, of which number 696,921 were voluntarily insured. The figures given for 1915 were 6,722,332 compulsory insured and 594,511 voluntarily insured. The year following, 1916, the numbers were 7,078,726 and 510,734 respectively.

The smaller numbers in the war years are not due however to an actual decline, as two or three provinces which were included in 1914, were not included in the two following years, due to the German invasion.¹

That the declaration of war affected materially the receipts of the fund is evident from the fact that while for the first half of 1914 the receipts amounted to \$3,665,833, the second half of the year yielded only \$1,599,135. Indeed a comparison of the receipts for the pre-war and war years shows that more than one-half of the persons insured have been unable to continue their payments into the fund during the state of war.

The amount of premiums paid into the fund in these years was as follows: ²

1912	8,483,740
1913	8,786,429
1914	5,264,958
1915	3,704,085
1916	4,611,297

Since 1911, when the law first went into effect, the number of persons retired each year was as follows:

1911-12	786,092
1913	706,714
1914	230,925
1915	115,096
1916	97,843
Total	1,926,599

On December 31, 1916, there were 1,158,325 retired persons under the Labourers' and Peasants' Retirement Fund.³

The principle of compulsory insurance against infirmity and old age was applied to French miners long before the adoption of the general compulsory insurance law. The former

¹ Monthly Labour Review, March, 1919, p. 293.

² Ibid, June, 1919, p. 298.

³ Ibid.

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was established in 1894. An amending act dated February 25th, 1914, repealed the previous legislation and created an Autonomous Pension Fund for miners, to be administered by a council of 18 persons, the employers, employés and the government to be represented by six members each. For the purpose of forming a basic capital for these pensions, the act provided that the mine owners pay every month into the fund four per cent. of the wages of the workers. The regular contribution is borne one-half by the employers and one-half by the workers. The right to a pension begins at 55 years of age. Miners who can prove that they have worked for wages for at least 30 years or at least 7,920 days (absence on account of sickness is not deducted) in French mines have the right, in addition, to a state allowance of 100 francs and a bonus from a special fund. In case of permanent incapacity a miner is entitled to a pension regardless of age. The state was to pay, according to the amended act, 2,000,000 francs annually towards the general administrative expenses and certain other purposes.

On the ninth of March, 1920, the law was amended providing for greater subsidies from the state. The state's subsidy in the future will be 860 francs per annum for miners, and 430 francs for their widows. The total annual pensions were raised to 1,500 francs and 750 francs respectively. Another feature of the amendment is the inclusion of persons, who, after having worked as miners for ten years, become trade union officials.¹

On October 21, 1919, a law was promulgated also providing for a minimum retirement pension of 1,800 francs for each male employé upon reaching the age of 60 years after 30 years in the service of the state and 1,500 francs per each female employé upon the age of 55, after she has been 30 years in the state's service. The state's service includes the following industries: Manufacture of tobacco and matches; manufacture of

¹ Journal Officiel de la République Française, Paris, March 10, 1920, The Labour Gazette, April, 1920, London.

goods in transit; general bureaus of printing and engraving, posts and telegraphs, and of mints and metals; military establishments under the supervision of the ministers of war and industrial reconstruction; and arsenals and naval establishments. The pensions are subject to the regulations concerning premium payments into the national old age retirement fund.

The law also provides that an employé may be retired for total disability after 15 years of service in which case the pension shall be reduced by one twenty-fifth per each year not served to 25. On the other hand, the pension is increased one-thirtieth and one-twenty-fifth for those eligible to retirement after the respective years of service for each year above their limits. A widow's pension is equal to one-third of that to which the husband was entitled at the time of his death. The pension is increased to one-half of that to which the husband was entitled in case three or more children under 16 are left.¹

The comprehensiveness of the French insurance system is still further evidenced by the fact that in addition to the compulsory insurance systems, the French law also provides a system of voluntary insurance which is extended to private persons with small incomes, small employers of labour, peasant proprietors, independent workingmen and wage-earners, with incomes of more than 3,000 francs (\$579), but less than 5,000 francs (\$965). The Act of December 25th, 1915, also raised the maximum life annuity from 1,200 to 2,400 francs, (\$231.60—\$463.20).

GERMANY

Germany was the pioneer in the field of social insurance. Insurance against old age was first established in that country in 1889. In 1911 Germany adopted a most comprehensive system of workingmen's insurance, which included, besides the payment of old age pensions, sickness, accident, invalidity and

¹ Monthly Labour Review, Feb. 1920, pp 229-230.

survivors' benefits. Under the German law insurance was made compulsory for all manual workers and those other wage and salaried persons whose annual income did not exceed 2,000 marks (normally \$476). The obligation to insure begins with the 17th year.

Prior to 1916, the age of eligibility for an old age pension was set at 70 years. An Imperial law of June 12, 1916, reduced this age from 70 to 65 years. This law was made retroactive taking effect as from the first of January, 1916. In addition to the payment of old age pensions the German system also provides for invalidity pensions which are granted in case of permanent disability before the pensionable age. The latter is given to all persons unable to earn one-third of the normal wages in the same occupation and locality. As would be expected, many more persons are receiving invalidity than old age pensions. The former has steadily increased while the latter has steadily declined. In 1914, there were 998,339 invalidity pensions paid, as compared with 87,261 old age pensions. The comparative growth and decline of the two forms of pensions may be seen from the following: In 1891 there were 31 invalidity pensions; this increased to 405,335 in 1900; in 1908 it rose to 868,086, and in 1914 it numbered 998,339. The aggregate expenditures for the old age and invalidity pensions stood as one to two in 1894; it reversed to two to one in 1900, eight to one in 1908, and eleven to one in 1912. The reduction of the pensionable age from 70 to 65 reduced this proportion considerably. The consequences of this reduction for the first complete year, during which it was enforced, may be seen from the following: The number of new pensions granted by the insurance offices of the various States increased from 11,276 in 1915, to 92,120 in 1916. Those granted by other offices of a special nature rose tenfold in the same interval.¹

The insurance contributions in Germany are made jointly

¹ The Labour Gazette, March, 1918, p 98, London.

by the State, the employers and the employés. The State bears part of the expenses of administration by the payment of pensions through the postoffices, and contributes, in addition, a fixed sum each year toward every pension. The amounts of the weekly premiums that are paid by the employers and employés are in equal parts. The employer is made responsible for the insurance of all his employés and for the payment of their premiums. He is permitted to deduct the latter's contributions from their wages, and receipts it by affixing special stamps to the worker's receipt card.

The contributions to the fund are not uniform but vary in accordance with the annual earnings of the workers. For this purpose, the insured persons were divided, until recently, into five classes ranging from those earning less than 350 marks (\$83.37) per year, in the first class, to those earning more than 1,150 marks (\$273.93) per year in the fifth class. Until 1917, the weekly contribution for these classes ranged from 16 pfennige (\$0.038) to 48 pfennige (\$0.114) per week. On January 1, 1917, however, owing to the extra sums expended as a result of the reduction in the age limit, the contributions were increased to 18 pfennige per week for the first class, and 50 pfennige per week for the highest group. Another amendment was adopted in April, 1920. The new law increased the weekly contributions from 90 to 140 pfennige respectively (normally .2104 and .3303 cents).¹ This enormous increase in the weekly contributions, since the beginning of the war is, of course, explained by the depreciation of the German money. Participants of the war were exempted from payments during the war.

In July 23, 1921, a new law was adopted increasing the classes to eight and the weekly payments from 3.50 marks for the lowest class to 12 marks for the highest. It is further

¹ Monthly Labour Review, November, 1920, p. 208.

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provided that this law continue in effect until December, 1926.

The German law provides that in order to be eligible for an old age pension, one must have at least 1,200 weekly contributions. To meet the immediate problem of old age relief the required number of contributions was reduced by 40 weeks for each year of age over 40 at the time the law became operative. Persons over 70 years of age at the time of the passage of the law were thus pensioned outright, but they had to show that they had worked in a trade coming under the insurance law for three years.

The amount of the old age pension prior to the war ranged from 110 marks (\$26.20) per year to 230 (\$54.79) per year, according to the wage class the insured person was in. The government's contribution consisted of a uniform state subsidy of 50 marks (\$11.91) to all pensioners. The minimum annuity was set at 60 marks (\$14.29) for the first wage class. The annuity was then increased by 30 marks (\$7.15) for each succeeding class until it reached 230 marks (\$54.79). On account of the increased cost of living during the war, a Federal decree of January 3, 1919, introduced pension bonuses which provided flat increases in the pensions in order to meet the high cost of living. The amended law of April 29, 1920, established the following bonus rates which are granted to recipients of invalidity, old age, and survivors' pensions. A monthly bonus of 30 marks (\$7.14) is added to invalidity and old age pensions, while a monthly bonus of 10 marks (\$2.38) is added to orphans' pensions. By the end of 1920 there was a great demand for a further increase in the pension rates, on account of the continued increase in the cost of living.

The German invalidity and old age insurance system is administered by approximately 50 territorial and special "institutes" under the general supervision of the central insurance office. The administration is in the hands of highly trained experts. To each insurance office are attached several

boards of arbitration which adjudicate cases in dispute. These consist of an impartial chairman, a secretary and two representatives of both employers and employés. In 1914, the total cost of administration of the insurance system was 24,156,658 marks (\$5,754,116). The government's contributions to old age, invalidity and survivors' pensions amounted to 84,500,000 marks (\$20,111,000), in 1916.

The German system, in addition to paying pensions, makes also an effort to prevent invalidity whenever possible. The invalidity institute has the power to provide a course of medical treatment, such as would reduce or prevent the loss of earning power. For this purpose, a chain of 65 or more sanatoria are maintained, which before the war, treated annually about 70,000 persons. The war has naturally increased the work of these preventive institutions. It is claimed that 80 per cent. of the cases treated are discharged as cured. The institutes are also authorized to invest part of their reserve in such manner as will promote the social welfare of the working classes. In order to improve the health and well being of the insured persons, the social insurance institutes prior to the declaration of war, erected model dwellings for workmen, as well as convalescent homes, people's baths, labour colonies, etc. The insurance institutes claim that this has resulted in a considerable reduction in the death rate and sickness rate in Germany.

Since the inauguration of the war, the German insurance carriers have invested a great deal of their money in government war bonds. Of the 120,000,000 marks net assets of the Berlin Institution in 1918, nearly 70,000,000 marks were invested in war bonds. As a result of this, and the continued depreciation of the German mark since the signing of peace, the insurance institutes have been in a desperate condition. In 1918 the Berlin State Insurance Institute had to borrow about 58,000,000 marks (normally \$14,000,000). In the same year the Institutes suffered a deficit of approximately

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4,000,000 marks. The deficit for 1920 amounted to about 20,000,000 marks.¹

The average amount of an old age pension in 1914 was 167.99 marks (\$40.02) or about \$3.33 per month. Because of the steady rise in wages which decreased the number of persons in the lower wage groups, the average pension paid has risen steadily. In 1891 it amounted to 124 marks (\$29.54). In 1900 it was \$34.67, and in 1908 it was \$39.58. The average amount of the invalidity pension, increased from \$41.60 in 1909 to \$46.51 in 1913. In 1917 the average pension was about \$45.24 per year. In 1913 the number of persons insured under the invalidity and old age insurance act was 16,828,800. This represented 24.4 per cent. of the total population. From 1891 to 1913 the distribution of the contributions toward the invalidity and old age pensions was as follows: The employers contributed \$418,026,865, representing 40.7 per cent. of the total contributions. The insured persons contributed a similar sum. The aggregate state subsidy during this period amounted to \$191,981,177, which represented 18.6 per cent. of the total contributions. The total contributions for the 22 years amounted to \$1,028,034,907.

In 1918, a German writer declared that it would cost much more than 1,000,000,000 marks (\$288,000,000) annually to discharge all of Germany's social insurance subsidies.² Representatives of the German State invalidity insurance institutes, at a conference in Berlin in May, 1918, declared that, in order that the heavy burdens may be borne more easily the solvency and efficiency of the insurance institutes must be assured by the introduction of higher wage-classes for insured persons with earnings in excess of 1,500 marks (\$357.00). It was also urged that insurance be extended to persons 15 years of age and to small business men as well as railroad employes with in-

¹ Soziale Praxis und Archiv für Volkswohlfahrt, Berlin, May 19, 1920, p 778.

² Kölnische Zeitung, Cologne, December 12, 1918.

comes of 2,000 to 5,000 marks (\$476 to \$1,190).¹ In July, 1921, this was increased to invalid persons earning up to 15,000 marks annually.

On January 1st, 1913, the act creating the salaried employés' insurance system went into operation. This was primarily for the payment of old age invalidity, and survivors' pensions. A waiting period of ten and five years respectively, for the payment of such benefits, is provided, but this period may be shortened by the payment of extra premiums. Under this insurance provision, pensions are paid if the earning capacity of the insured has been lessened by 50 per cent. instead of two-thirds, as required under the general insurance system. The contributions here are made by the employers and employés with no state subsidy. During the year 1916, the total amount of contributions paid to the institute by the employers and employés was, in round figures, 113,000,000 marks (\$26,894,000). This insurance system was very unpopular, and the obligation to insure was contested by many people during the same year. While only few of these special pensions were given during the year 1916, the insurance institute for salaried employés granted such other benefits as provided by law. First of these was the granting of medical and curative treatments. This insurance is objected to by many, as it is claimed that its creation was mainly for political reasons, in order to separate the salaried employés from wage-workers, as a special class.

The conference of insurance experts in 1918 already referred to urged that the salaried employés insurance be discontinued as a special institution, and that it be incorporated in the general invalidity insurance plan. The conference declared that: "While the exceedingly expensive salaried employés insurance in its present form could be tolerated as a luxury as long as favourable economic conditions prevailed, this is no longer possible at present, when great economy in

¹ Monthly Labour Review, Jan. 1919, pp 285-88.

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all spheres has become an imperative duty. It seems, moreover, not possible to permit this insurance system to accumulate and hoard a billion marks during the next five years, of which not even the interest would be paid in benefits to the insured."¹ At the present writing there is a movement supported by the Socialists and the institutes to combine both systems. On May 31, 1920, the income limit of salaried employes who are subject to obligatory insurance was raised to 15,000 marks (normally \$3,750) per annum,² and on July 23, 1921, was further increased to 17,000 marks.

GREECE

A compulsory invalidity and old age insurance system for Greek sailors was enacted in 1907. The cost is divided equally between the insured, the employers and the State.³

ICELAND

Iceland established a compulsory system of old age and invalidity insurance in 1890. In accordance with the law, "All servants between the ages of 20 and 60, all day labourers, and persons working with their parents must annually contribute to this fund \$0.27 for men, and \$0.08 for women. The male head of the household must pay this contribution for every person who resided with him during the year, but he may deduct it from the wages of his employes. For the non-payment of these contributions, property may be attached. The only persons exempt from paying contributions are those without means who are responsible for maintaining one or more dependents who are unable to provide for themselves; those unable to earn wages on account of sickness or other cause; and those who have provided for their old age by purchase of an annuity of at least 150 kroner (\$40.20).

¹ Monthly Labour Review, Jan. 1919, pp 285-88.

² The Economic Review, May 19, 1920, London.

³ Report of Special Inquiry Relative to Aged and Dependent Persons in Mass., Boston, 1916, p 102.

"Pensions are granted to persons over 60 years of age who have received no poor relief during a prior period of ten years. The minimum pension is 20 kroner (\$5.36) and the maximum pension granted may not exceed 200 kroner (\$53.60).

"Funds are administered in cities by the magistrates, in rural communities by the parish-council, and these officials may set aside as their salaries four per cent. of all contributions levied. They must also elect two persons who audit the annual balance sheet of the respective funds."¹

ITALY

Like many other countries, Italy first experimented with voluntary and subsidized old age insurance. The National Institute for Insurance of Workmen against invalidity and old age was merely an institution for voluntary insurance and was established in 1898. Its purpose was to offer protection against old age to all Italian citizens who were engaged in manual labour or who on their own account did not pay a tax exceeding 30 lire (normally \$5.79) per annum of any nature. In addition to the regular annuity the government added a contribution not to exceed 10 lire (\$1.93) per annum. While other classes also were permitted to insure, the latter were not given the special subsidies.

The Italian voluntary insurance system was no more successful than those of other countries. From 1898 to 1910 the total number of accounts opened was about 300,000, which constituted only two per cent. of the total population gainfully employed in that country. During all this time the government was continuously beset by the demands of organized labour and social workers for the enactment of a compulsory old age and invalidity insurance law. During the war the government was compelled to comply in part with these demands. Thus in April, 1917, a viceregal decree made it compulsory for all auxiliary war establishments to insure their workers in the National Insurance Institute. In accordance with this

¹ Ibid, 1916, p 102.

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decree over 600,000 workers were insured in the Institute.

Shortly after the Armistice was signed the government introduced a bill in the Chamber of Deputies, providing for compulsory old age and invalidity insurance. As the bill was hailed unanimously by both employers and employés, and in order to secure speedy action, a decree was issued on April 21, 1919, establishing obligatory old age and invalidity insurance. The act went into effect January 1, 1920.

The Italian Insurance Act against disability and old age is compulsory for (1) All Italian subjects of both sexes, whether at home or in the colonies, between the ages of 15 and 65, who work for an employer in any industry, trade or profession, including "home industries," agriculture and public service, or who are occupied in domestic service or in any private employment; (2) Aliens working at the same occupations, provided reciprocal treatment is granted to Italians abroad.

The following are exempted from the obligation to insure: (1) Non-manual workers whose average monthly salary exceeds 350 lire (\$67.55); (2) all half-share and tenant farmers whose annual income exceeds 3,600 lire (\$694.80); (3) Men in the merchant marine service employed on Italian ships who are already insured in the merchant marine's Invalidity Fund; (4) State and public service employees for whom insurance schemes are already in existence.

The new Italian old age and invalidity insurance law provides for equal contributions from the employer and the insured persons. The contributions are based, as in Germany, upon a sliding scale in accordance with the daily earnings of the insured person. The bi-weekly contributions are as follows:

Daily Earnings of Insured	Bi-Weekly Contribution of Employer and Employé
2 lire and less.....	0.50 lire
Over 2 to 4 lire.....	1.00 "
Over 4 to 6 lire.....	1.50 "
Over 6 to 8 lire.....	2.00 "
Over 8 to 10 lire.....	2.50 "
Over 10 lire.....	3.00 "

As in Germany and France, the contributions are collected by the employer, who affixes stamps to special cards provided for that purpose. The employer is held responsible for the collection of both his own and his employé's shares. He is permitted to deduct the worker's contribution from his wages and penalties are prescribed for incorrect deductions.

Pensions are granted to (1) persons 65 years of age who have paid at least 240 fortnightly contributions; (2) at any age in case of permanent incapacity to persons who have made at least 120 bi-weekly contributions. A person is considered disabled if his earning ability is reduced to less than one-third of the current earning capacity of persons working in the same occupation in the same locality. The pension may be suspended when the person improves to such an extent as to make the definition no longer applicable.

The pension amount is made up of two parts. (1) The part corresponding to the contributions made by the insured person and his employer, and (2) the part granted by the State. The first amounts to 66 per cent. of the first 120 fortnightly contributions, plus 50 per cent of the next 120 contributions together with 25 per cent. of the remaining contributions. The second part is made up of 100 lire (\$19.30) for each pension each year.

The 1919 Decree provides that persons who have undergone a period of active military service, and persons disabled through sickness, not exceeding one year, are entitled to credit of the lowest bi-weekly contributions, even though they have not made such contributions.

In case of death of an insured person before he becomes entitled to a pension, his widow or his children under 15 years of age shall receive a monthly grant of 50 lire (\$9.65) for a period of six months.

When invalidity has been established, hospital treatment may be provided for a disabled person with his consent by the National Social Insurance Institute, which bears all expenses.

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The Italian scheme is administered by the National Social Insurance Institute under the supervision of the Ministry of Industry, Commerce and Labour. The council of administration consists of six representatives of the employers, eight of the compulsorily insured persons, two of the voluntarily insured persons, five members selected from among social insurance experts, and one official from each of the following departments: Industry, Commerce, Labour and Finance, and the director generals of the National Insurance Institute, the National Accident Insurance Institute and of the insurance institutes in the Ministry of Finance. In addition to the National Social Insurance Institute, a Provincial Provident Institute was established in each province, which is trusted with the administration of the present law. The executive committee administering these institutes is made up of an equal number of representatives from the ministers of industry, commerce, labour and finance; the insured persons and the employers. Arbitration boards as well as boards of appeal are also set up by the decree.

The Italian law provides that insured persons may increase their pensions through voluntary contributions. Voluntary pensions may be secured by (1) Independent workers whose yearly income does not exceed 4,200 lire (\$810.60); (2) Married women of compulsorily insured husbands and all other women engaged in domestic work; (3) Small peasant proprietors, shop keepers and professional workers whose annual direct State taxes do not exceed 200 lire (\$38.60); (4) Those persons who at the coming in force of the present decree were already voluntarily insured, even though they do not come under one of the above groups.

The State is still seeking to encourage voluntary insurance and for that reason contributes in the case of non-obligatorily insured persons one-third of the annuity acquired through voluntary contributions, and one-sixth of the total annuity in the case of supplementary insurance taken out by those compulsorily insured.

The Decree provides for an annual contribution by the State to the National Institute of 50,000,000 lire (\$9,650,000) during the first ten years of the operation of the plan. The state subsidies are paid from these funds.¹

LUXEMBURG

A compulsory system of old age and invalidity insurance was first established in Luxemburg in 1911-12. As in the case of the Austrian Act, insurance was made compulsory for the higher wage-groups rather than those of the lowest wage groups. The law compelled all persons to insure who were earning not less than 3,000 marks (\$715) annually. Persons who earned not more than 3,600 marks (\$858) could in addition take out voluntary insurance. The act also provided for institutional care to prevent incapacity as well as for the care of widows and dependents in case of death.

In the beginning, the pensionable age was set at 68 years. In June, 1914, however, the age was reduced to 65. In order to receive a pension at that age one must have proved that he has worked in the Duchy for at least 2,700 days in an occupation subject to compulsory insurance. The law also provided that "Luxemburg subjects who on January 1, 1912, are 65 years of age or more, and who prove that during the five years which immediately preceded this date they have regularly exercised in the Grand Duchy an occupation subject to compulsory insurance, shall be entitled to claim one-third of the original pension." And further: "Insured Luxemburg subjects who have completed the 65th year of their age within ten years immediately following January 1, 1920 . . . shall be entitled to old age pensions, if they give proof that during the five years immediately preceding January 1, 1920, they have

¹ The Labour Gazette, January 1920, p. 10, London; Monthly Labour Review, December 1919, pp. 349-358.

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regularly exercised in the Grand Duchy an occupation subject to compulsory insurance, and that since that date up to the completion of their 65th year they have worked on an average of 270 days a year.”¹

The contributions in Luxemburg, as in most countries, are made by the State, the employers and employés. The State subsidy, prior to the World War, was a fixed sum of 48 marks (\$11.43) for every insured man and 38.40 marks (\$9.15) for every insured woman. In order to provide for these subsidies, the Act of 1914 set aside a credit of 125,000 francs, to be paid annually, for 50 years, to the deposit of the Invalidity and Old Age Insurance Institution. The total contribution of the employers is at the rate of 2.1 per cent. of the wages earned. This is divided equally between the employer and the employé. The former was made responsible for the payment of the premiums, by the Act of 1911, and was authorized to deduct the employés' share from the wages. The Act of 1914 modified this, so that by mutual agreement, the retention of deductions corresponding to the contributions due, may be postponed until the final settlement (this to be not later than December 31, of each year); while the share of contributions of agricultural workers, working partly on their own account and partly for others, is collected direct from such persons. The amendment also provided that the Managing Committee of the Insurance Institution may require a security to be deposited by contractors domiciled in a foreign country, who temporarily employ in the Grand Duchy persons liable to insurance.

The contributions to this fund in 1912, the first year of its existence, were as follows: from industrial and miscellaneous occupations, 1,339,000 francs, and from agricultural 53,777 francs. The benefits paid out during the fiscal year 1912-13 were 29,464 francs to insured persons in industrial and mis-

¹ Bulletin of International Labour-office, Vol. 9, no. 7, p 810, 1914.

cellaneous occupations, and 16,045 francs to agricultural workers.

NETHERLANDS

On the fifth of June, 1913, the Netherlands established a system of old age and invalidity insurance. The act compels the insurance of all workmen in the Netherlands over 13 years of age, who are not in active military service, and whose annual income is not in excess of 1,200 florins (\$482). Compulsory insurance applies also to seamen and workmen employed in a foreign country by Dutch establishments. Exempted from compulsory insurance are those who work for wages only occasionally and for short periods; those already entitled to a pension from the State or private establishments; and those who pay a property or an income tax exceeding 2,000 florins. The government, it is also provided, is to pay an annual subsidy to the insurance fund of 10,000,000 florins (\$4,020,000), for a period of 75 years. Prior to 1914, the government also paid to the districts a subsidy of 50 florins (\$20.10) per pension.

The insured person is entitled to an annuity in the event of disablement or after the completion of his 70th year of age. Incapacity is defined as the inability to earn one-third of the normal wage. In the case of death the surviving children receive annuities until the age of 13. In order to be eligible for an invalidity annuity, every insured person must have paid 150 premiums. Persons convicted of crime, recipients of public charity and those of immoral character are disqualified for a pension. It is also required that one must have been a resident of the country for at least 20 years and a citizen for at least five years before he is entitled to a pension.

As in Germany, persons subject to compulsory insurance are divided into five classes—those earning less than 240 florins, the lowest (\$96.48), and those earning 900 (\$361.80) or more florins, the highest. The weekly premiums paid vary from 20

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cts. (\$0.08) for the first class to 48 cts. (\$0.193) in the fifth class. The premium is paid by the employer, who is entitled to deduct from the weekly wages a sum ranging from four cts. for the first wage class, to 24 cts. in the fifth wage group in the case of adults, and half the amount of the premium for each wage class in the case of minors. The employers bear a greater share in the lower wage groups and bear an equal amount in the case of the upper wage classes. Military conscripts, while in service, are assigned to the second wage class and their premiums are paid by the State.

The amount of the annuity is computed as follows: The pension amounts to 325 times the total of the premiums paid up, divided by the number of weeks during which the person has been insured. To this is added 14 per cent. of the total amount of the premium paid up, which must not be less than one-fifth of the original pension. "In accordance with this formula an insured person who has paid 48 weekly contributions each year, from the age of 20 to the age of 70, and whose wages were \$5.00 a week up to the age of 25, \$6.00 a week up to the age of 30, \$7.00 a week thereafter, would be entitled to a pension of about \$2.30 a week at the age of 70. In the event of his becoming incapacitated at the age of 30, he would from that time on receive about \$1.25 a week. Should such incapacity not occur until his fortieth year, he would receive about \$1.50 a week, and if it did not occur until his fiftieth year, he would receive about \$1.80 a week." ¹

The Act also provides that in cases of persons subject to compulsory insurance, and when permanent disability may be averted by medical treatment, the "Labour Council" may cause such insured persons to be subjected to such treatment or placed in the proper institution at the expense of the State Insurance Bank.

¹ Report of a special inquiry relative to aged and dependent persons in Mass., Boston, 1916, p 102.

In addition to the compulsory insurance system, Holland also provides a system of voluntary insurance against old age and disability for those exempted from the former plan.

NORWAY

In February, 1907, a Commission was appointed in Norway to study the problem of invalidity and old age insurance. The Commission finished its work in 1912, and submitted a draft of a bill for a national invalidity and old age insurance system. This bill proposed that all male and female persons residing in Norway or belonging to the crews of Norwegian vessels, Norwegian citizens in Norwegian employment in foreign countries and Norwegian citizens employed by foreigners in Norway, shall be compelled to insure themselves against invalidity and old age. The insurance begins with the age of 16 years.

The proposed scheme provided for the payment of an invalidity pension, invalidity existing when the earning power is reduced to less than one-third the normal, after four years of contributions and after a waiting period of 26 weeks from the time of invalidity. If a person earns 1,500 crowns (\$402) a year, he is not to be considered disabled under any condition. The old age pension was to mature at 70 years. An invalidity pension was to cease as soon as an old age pension was drawn. Medical and institutional care were also provided in the proposed bill.

The bill provided that the cost of the administration of the insurance should be borne by the state and the commune; the cost of the insurance proper, however, to be met by the contributions of the insured persons. In addition, it was suggested that the commune pay 25 crowns (\$6.70) annually for every current invalidity pension. During the time of sickness or accident, the commune was to pay also the contributions, in case the insured person was unable to pay them himself.

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The premiums, the Commission proposed, are to be paid for 50 years, but persons over 70 years of age when the law goes into effect are exempt from payments. Contributions were to be two per cent. of the earnings but not less than two crowns (\$0.54) a year. A fraction of one per cent. on the property of an insured person was to be added to the contribution. A deduction of five per cent. from the contribution was made for each dependent of the insured person. No child over 14, however, was to be considered dependent.

The bill proposed a rather unique system of computing the amounts of the pension. The framers of the bill argued that, "On the coming into force of the insurance, the sums at present expended for public and private poor relief, which are raised by taxation, will decrease considerably. This should result in a saving to persons who for some reason or other are exempt from insurance, and also to corporations, foundations, and societies, the income of which is subject to special taxation. If such individuals and incorporated bodies do not give some equivalent for this saving, they would actually obtain an advantage at the expense of the insured persons because expenditures which would otherwise be borne by all persons subject to taxation would in such case be borne exclusively by the insured person. Since the national insurance system does not intend to bring about such a shifting of the social burden, the bill provides that all persons who have ceased to pay regular contributions, all persons who are not subject to insurance, and all taxable corporations, foundations, and societies, the income of which has not been taxed in the assessment on their stockholders, partners, or members, must pay to the national insurance institution an equivalent for their savings in taxes, the amount of which shall be determined on the basis of statistical computations." The Commission, therefore, suggested that the total fund, in addition to the regular contributions, should consist also of the insured person's savings in poor relief and private support, as well as the current invalid-

ity subsidy of the commune. In order to make the pension uniform, a basic pension of somewhat more than 53 crowns (\$14.20) per year was to be paid to the insured person regardless of the amounts of the premiums paid. The basic pension was to be increased in accordance with the number of contributions made, the economic conditions, and the number of the dependents of the insured person. An additional grant of 15 crowns (\$4.02) was provided for every child under 14. If both husband and wife were receiving a pension, 20 crowns (\$5.36) for every child under the age of 14 would be granted.

Contributions, it was recommended, would be collected along with the Communal taxes. The employers were to pay the contributions of their employés, as well as those of their employés' families. The employer might deduct the cost from his employés' wages. The Commission suggested that if the pension granted by the usual method of computation were too small, the commune might grant an increase.¹

PORTUGAL

The Republic of Portugal, by decrees issued in 1919, established a system of obligatory insurance covering sickness, invalidity, old age and industrial accidents. Invalidity, old age and survivors' insurance is made compulsory for all persons from 15 to 65 years of age earning less than 900 escudos (the normal value of the escudo is \$1.08). The classes exempted from this compulsory insurance include: (1) Public officials already entitled to pensions; (2) soldiers employed as labourers; (3) infirm persons who cannot earn one-third of their average wages and entitled to free subsistence; (4) all other classes of wage-earners who are already insured.

The insurance is administered by the State under the direction of the Institute of Compulsory Social Insurance. The

¹ Proposed scheme of National Social Insurance for Norway, by Nicholas L. Bugge, Secretary in the Norwegian Ministry of Finance. (Manuscript copy in the Library of the U. S. Bureau of Labour Statistics.)

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fund is made up from the following sources: (1) from a six per cent. assessment on all salaries or wages up to 900 escudos, which constitutes the employers' contribution; (2) a similar assessment of one and one-half per cent. constituting the employés' contribution; and (3) by an annual state subsidy of 13.33 escudos for each soldier recruited. As in other countries, payments are made by means of special stamps placed in a book held by the insured. The proportions of the contributions payable by employers, employés, and the State may be revised every other year.

The invalidity annuity varies in accordance with the number of premiums paid into the fund as follows: (1) 235 weekly payments entitle the insured to a pension equal to one-sixth of the total deferred annuity which may be acquired under the law; (2) 470 weekly premiums entitle one to a pension equal to one-third of full annuity; (3) 705 weekly premiums to one-half of full pension; (4) 940 weekly premiums to two-thirds annuity; (5) 1,175 weekly contributions to five-sixths of full annuity; and (6) 1,410 premiums to full annuity.

The full old age pension is paid when the insured has reached 70 years of age and has paid 1,410 weekly premiums.

In order to provide for those who were past the age and who were unable to make the full number of contributions, the law provides that those who were 45 years of age at the time the act was instituted shall receive 75 per cent. of the full annuity; those over 50 years of age, 50 per cent., and those over 60 years old 25 per cent.

The 1919 Act established also annuities for dependents which may be procured by extra payments. In addition, the law provides that any mutual aid association which supplies disability annuities to labour may become associated with the Social Insurance Institute by transferring its invalidity, old age and widows' and orphans' fund to the Institute.

Mutual sickness funds, parish councils and labour organ-

izations are required to aid the institute in its supervision, in order to carry into effect the provisions of this decree.¹

ROUMANIA

In 1912, Roumania passed a law which established a compulsory old age and invalidity insurance system in that country. The Roumanian act follows both the German and French systems. The contributions, as in France, are uniform for all classes. They were set at 45 bani (normally 0.87) for the first ten years from the date the act became effective. The contributions are divided equally among the employers and employés. In Roumania also the employer is made responsible for his own and his employés' contributions. He may deduct the latter's contributions from the wages.

The age of pensioning is set at 65. In order to be eligible for a pension, one must have made at least 12 weekly contributions. The regular old age annuity amounts to 150 lei (normally \$28.95). Invalidity pensions of the same amounts are paid to the insured persons only after 16 weeks of consecutive illness. The incapacity annuity is increased by ten bani (\$0.02) for every weekly contribution in excess of 2,000.

RUSSIA

Prior to the 1917 revolution there was no general provision for invalidity and old age insurance in Russia. The only classes protected against old age were certain groups of government employés under separate funds. However, as the Czar's government controlled a great many industries these government employés constituted a considerable number. An old age pension fund granting pensions after 25 years of service to employés of State mines was established as early as 1797. In 1804 this was extended to all employés of government factories.

¹ Monthly Labour Review, January, 1920, pp 261-265; Ibid, December, 1920 pp 161-162.

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The miners' fund paid pensions after 35 years of service, and required all over 18 years of age, engaged for at least one year in the work, to become members of the fund. The Railroad Employés' Pension Fund required all employés of State and private railroads to insure themselves. A pension was paid after 15 years of service. A similar fund existed for the employés of the State Liquor Monopoly. A separate savings fund for old age also existed for the workers of factories and harbour works operated by the ministry of marine. Another fund against old age was operated for the members of the volunteer fleet. A compulsory contributory pension fund was also established for all the employés of the Zemstvo. Practically all these funds were controlled by the members of the particular funds.

In 1914 the government's contribution to these funds amounted to 117,994 roubles (normally \$60,694).

According to the meagre available information¹ a decree published by the Russian Soviet government on March 8, 1918, established a complete scheme of government protection against sickness, invalidity, old age, unemployment, etc. Pensions are given to workers having served at least five years in their enterprise and who have lost their working capacity, and have no other resources beyond the product of their own labour. The amount of the pension, in case of complete disability, is equal to the full wages received. In unhealthful industries a pension is given regardless of length of service.

SPAIN

Provisions for the creation of deferred life annuities on a voluntary and State subsidized basis were established in Spain in 1908. The law enacted in that year provided for a system of voluntary insurance for wage-workers and State employés

¹ Labour Conditions in Soviet Russia, International Labour Office, London.

who earned below 3,000 pesetas (normally \$579) per year. The maximum amount of the pension was limited to 1,500 pesetas (\$289.50) per year. The State subsidy varied but was limited to twelve pesetas (\$2.32) per person, during the first ten years of the institution's existence. State subsidies were given only to Spanish citizens living in Spain, provided they had made some payments into the fund during the preceding year.

On March 11, 1919, when Parliament was suspended because of political disturbances, a royal decree made insurance against old age compulsory, for all wage-earners between the ages of 16 and 65 whose total annual income does not exceed 4,000 pesetas.

The National Old Age Insurance Institution, which was established in 1908 is charged with the administration of the compulsory old age insurance system. The National Institute is also to be assisted by self-governing benefit societies set up in each district or province as well as by other insurance societies. In addition, an advisory committee from among employers and employés is appointed by the National Insurance Institution.

The decree divides the contributions into two periods, one called the "Preliminary or Initial" period, and the other the "Normal" period. For the first period (the duration is not stated) the contributions are paid only by the State and the employers. During the "Normal" period the workers also are expected to make contributions, and the preliminary annuity is to be converted into a standard pension, which will serve to increase its amount.

The insured population also is divided into two groups; one includes persons who have not yet reached their forty-fifth year at the time the decree was put into force; the other includes all those who are 45 years or more.

The initial pension for persons under 45, if there is no ces-

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sation of work, is fixed at 365 pesetas a year upon reaching the age of 65.

The contribution of the workers may be used to increase the pension, or it may be applied to a temporary pension before the regular pension is due; or it may be applied to an indemnity for dependents in case of the death of the insured person. The insured may also increase his contributions so as to obtain an annuity up to a maximum of 2,000 pesetas or to life insurance capital up to 5,000 pesetas. The insurance fund is derived from three sources—the employers, the State, and the employés. The employer pays an average premium for every worker, regardless of age, thus making it easier for employers to calculate the amount of the premium they will be required to pay and avoiding the possibility of preference for younger men. The premium rate is fixed at 3 pesetas (58 cents, par) monthly for each employé under 45 years of age who has been in the employ of the same employer for one month, and 10 centimes (1.9 cents, par) per day for shorter periods. The Institute of National Insurance is empowered to change these rates as needed. An additional tax of 5 per cent on the premiums is levied for administrative expenses. A supplementary fund from inheritances and other sources is created for increasing the pensions of those over 45 years of age when the law took effect. The contribution from the State is fixed at 12 pesetas (\$2.32, par) annually for each worker who has been employed one year, or 1 peseta (19.3 cents, par) per month for each of those who have been employed one month. The State's quota will be increased 25 per cent. after certain groups now otherwise insured are included. Employés making voluntary payments may apply their personal quota (1) to increase their initial pension, (2) to form a temporary pension which advances the age of retirement, or (3) to form a fund in case of accident. Unless the applicant specifies, his payments are used for the first purpose.

The annuities may also be increased by regional, provincial and municipal organizations, by employers, or by social insurance organizations. If the insured person dies before having reached his 65th year his heirs have the right to the capital accumulated by his own and employers' contributions, including compound interest. In case of invalidity before the age of 65 he may be paid the same sum or may convert the pension into an immediate life pension. If the pension is sufficient to provide an annual life pension of 180 pesetas a year it is administered by the Provident Institute. If the capital is not sufficient for this, it is transferred to a charitable institution upon whom the law imposes care of the old person until his death.

The decree offered special advantages to be extended in the form of increased State grants to employers who had already provided insurance for their workers or made arrangements to insure their employes before the law became compulsory. Greater subsidies are also provided to workers who make contributions to increase the minimum pension provided during the preliminary period at the joint expense of the State and the employer. Employers who fail to make the required contributions are penalized by being prohibited from taking part in any contracts of the State, provinces, or communes; from participating in the benefits of the law in the protection of industry and from being an elector of, or eligible for, professional bodies. Old age insurance may be carried through any of the public or private institutions, provided they come up to the specified regulations.¹

SWEDEN

The Swedish system of compulsory old age insurance is the most comprehensive and universal of any now in existence. It was enacted in 1913. The Swedish scheme is not limited to certain wage-groups, as is the case in practically all countries,

¹ Labour Gazette, June 1919, p 228, London; Revue du Travail, Nov. 1, 1919, Belgium.

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but applies to every Swedish man or woman above the age of 16 until the completion of his or her 66th year. The only classes exempted are persons who are permanently incapacitated for work; State employes already provided with pensions; elementary school teachers; members of the army and navy, clergymen and the wives of persons thus exempted.

The administration of the insurance is in the hands of a pension committee which is made up as follows: The king appoints a representative in every pension district in the country. The latter appoints the chairman of the district pension committee. Six other members and their substitutes are elected by the communes.

In Sweden every man and woman from the 16th year on contributes, in the form of an annual tax or premium, a sum amounting to three crowns (\$0.80). This contribution is increased by two crowns for those having incomes from 500 to 800 crowns; the surtax is increased by five crowns for incomes from 800 to 1,200 crowns and by ten crowns for incomes of 1,200 crowns and over. The law provides that the annual contribution payable by each person shall be collected by the commune in which the person is registered. The commune is held responsible for all accounts, and must pay into the fund an amount corresponding to the contributions that may not have been paid. The wife's contribution is to be paid by her husband. The father is responsible for the pension contributions for children under 18 years who are registered as residents in his house. Should the employer pay a contribution on behalf of his employes, he may retain the sum disbursed out of the wages paid, within six months of such payment.

The insurance benefit consists in an invalidity pension in the case of permanent incapacity for work, regardless of age, and in an old age pension on attaining 67 years of age, even if incapacity has not yet set in. The amount of the annual pension for men is 30 per cent. of the total contributions paid, and for women the pension amounts to 24 per cent. It is also

provided that pensioners permanently incapacitated for work, whose total annual income does not exceed 50 crowns (\$13.40), receive in addition to their pension out of the Exchequer 150 crowns (\$40.20) per annum per man and 140 crowns (\$37.52) per woman. This State subsidy decreases to one-half if the pensioner's income is over 50 crowns (\$13.40), and ceases altogether when the income amounts to 300 crowns (\$80.40) per man or 280 crowns (\$75.04) per woman. In the event of fully paid up pension contributions, the government subsidy is increased by .08 per cent. for every crown paid. The pension additions are borne to the extent of three-quarters of the amount by the State, while the remainder is divided between the Landsting and the communes.

Excluded from the receipt of pensions in Sweden are those in receipt of poor relief, habitual drunkards and idlers. If institutional care is given, the institution may claim the right to the pension in order to reimburse itself to the amount charged for the care of the pensioner. Imprisonment or conviction for more than one month stops the receipt of a pension during that time. It may be claimed, however, by the dependents for their support.

The law also provides that in order to become entitled to a higher pension than that provided for in the act, every Swedish subject who has reached the age of 15, may, by paying contributions not to exceed 30 crowns (\$8.04) per annum, become entitled to a higher pension. To all voluntary contributions paid within each year, an amount equal to one-eighth of the contributions is added by the government. The amount of the pension is one and one-half per cent. of the voluntary contribution in the case of a man, and one-sixth less than that, in the case of a woman.

To meet the immediate problem of old-age relief, a provision stipulates that, for persons who during the years 1914 up to and including 1918, have acquired the right of an addition to their pension or support, or to an increase thereof, this benefit

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is to be calculated as from 50 to 90 per cent. of the sums otherwise provided in the act; and for persons who, when the act comes into force, are between the ages of 25 and 45 years, 27.5 to 20 per cent. for men, or 22 to 16 per cent. for women, of the contributions paid. The increased cost is borne by the government.

The total number of pensions granted under this law in 1914, the first year of the operation of the plan, was 33,138. The total amount paid was 1,875,457 crowns (\$502,622). The average pension was 56.6 crowns (\$15.17). Of the pensions paid 10,565 were granted to men, amounting to a total of 623,120 crowns (\$166,996), or 58.98 crowns (\$15.81) per man; 22,573 pensions were granted to women, amounting to 1,252,336 crowns (\$335,625), or 55.48 crowns (\$14.87) per woman. In the same year the total number of persons insured under this act was 3,225,700. The contributions of the pensioners amounted to a total of 14,571,000 crowns (\$3,905,028), more than seven times the amount disbursed during the same period. The number of voluntary cases insured in 1914 was 628.

SWITZERLAND

A system of obligatory state old age and invalidity insurance was introduced in the Swiss Canton of Glarus by an act passed in May, 1916. The system is very similar to the one in operation in Sweden. This act made it obligatory for all persons between the ages of 17 and 50 who have their legal residence in the Canton to insure themselves against the contingencies of invalidity and old age. In case of removal to another Canton insured persons may retain their insurance by paying an increased annual contribution. Persons who reside abroad leave the insurance, but in case they return to Switzerland within four years they may re-enter the insurance, by paying an increased contribution for the period of their absence.

The insurance contributions in Canton Glarus are made up from the following sources: (1) By an annual contribution from the Canton of 85,000 francs, and the interest derived from the Old Age and Invalidity Insurance Fund and other associations; (2) By an annual contribution from the Communes of one fr. per head of the population; (3) By an annual contribution of six frs. from each insured person. The annual contributions may be commuted by making a single payment ranging from 125 frs. at the age of 17 to 470 frs. at the age of 49. Invalidity pensions are payable to persons who, having been insured for five years, become incapable of work on account of illness or other infirmities for at least one year, regardless of their age. Old Age pensions are payable from the age of 65. Before one can draw an old age pension to the full amount, however, he must have paid altogether at least 400 frs. (i.e. 33 years' contributions plus interest). Otherwise, the pension is reduced accordingly.

The amount of the annual invalidity pension begins at 150 frs. and increases annually by ten frs. up to a maximum of 300 frs. for men and 250 frs. for women. The amount of the annual old age pension is:

	Men	Women
At the beginning of the 66th year.....	180 frs.	140 frs.
At the beginning of the 67th year.....	210 frs.	160 frs.
At the beginning of the 68th year.....	240 frs.	180 frs.
At the beginning of the 69th year.....	270 frs.	210 frs.
At the beginning of the 70th year and upward..	300 frs.	250 frs.

A claim to a pension is considered lapsed if the insured person takes up his residence abroad after he had began to draw his annuity; in this case the person concerned may demand the reimbursement, without interest, of the contributions he had paid. The insurance is administered through the State Old Age and Invalidity Institution. Special provisions regulate voluntary insurance, to which persons of from one to 17 years of age may be admitted.¹

¹ Bulletin of International Labour office, Vol. XL, Nos. 6, 7; 1916.

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There are also in Switzerland a large number of special government funds with definitely restricted membership, such as the employés of the federal railways and of the post-office department. Membership in these funds is made compulsory. The contributions are borne jointly by the insured persons and the federal government. The plan suggested by a recent Commission of experts for a Federal Compulsory old age and invalidity insurance system has been discussed in the preceding chapter.

CHAPTER XV

NON-CONTRIBUTORY OR STRAIGHT OLD AGE PENSION SYSTEMS

ALASKA

In 1915, the Legislature of the Territory of Alaska passed an Act providing for the payment of pensions to aged persons. Under this law "any pioneer of Alaska, regardless of sex, who has attained the age of sixty-five years and shall have resided in Alaska for ten consecutive years or more since the year 1905, and is entitled to the benefits of the Pioneers' Home at Sitka, Alaska, or of the Home for Indigent Pioneers at Fairbanks or elsewhere in Alaska (should the same be established) may, in lieu of an application to be received and cared for at such home, make an application to the Board of Trustees of said Alaska Pioneers' Home, for an allowance to be paid out of the revenue of said Home; and thereupon said Board shall investigate the case of such applicant, and if they find that his or her case is worthy, and that he or she is in actual need of such allowance, the said trustees shall enroll him or her as a beneficiary of said Home . . . and in conformity therewith, an allowance shall be paid for his or her use. . . . Provided that if any person pensioned under the provisions of this act, shall be admitted to the Alaska Pioneers' Home or other Territorial Institutions, any pension granted hereunder shall be suspended during the time such person shall be an inmate of any such Territorial Institution, nor shall any pension be paid to any person who has been absent from the Territory of Alaska for a period not to exceed one year."

The original bill provided for allowances not to exceed

\$12.50 per month in any case. This was amended in the 1917 and 1919 sessions so that the present law specifies that each allowance shall not exceed \$12.50 per month for men and \$25.00 per month for women as the Board of Trustees in their discretion shall allow "having regard to the necessities of the applicant." Each allowance is paid quarter-yearly. The residence requirements were also changed to 15 years by the 1919 Amendment.

The law forbids the granting of allowances to any person who absents himself from the Territory of Alaska for a period exceeding one year unless with written permission of the Board. In case of lack of revenue and when allowance installments are not paid, the amended Act stipulates that "it shall remain an obligation of the Territory of Alaska to the beneficiary, the arrears of which shall be paid as soon as funds shall be available." It is also provided that the applicant for assistance "in consideration of the receipt of the benefit of this Act, agrees that all property of which he or she is possessed or seized, shall, after his or her death, vest in and become the property of the Territory of Alaska."

In 1917, the Legislature also provided that "the sum of thirty thousand dollars or so much thereof as may be necessary, is hereby appropriated for the purposes of this act; . . . provided that the Board of Trustees shall not grant allowances calling for an expenditure in excess of fifteen thousand dollars in any one year; and further provided, that any excess fund not issued the first year shall be available for use the following year."

ARIZONA

The first attempt to establish a non-contributory insurance system in the United States was made in the State of Arizona in 1914. By means of the initiative petition and a popular vote of 25,827 in favour and 12,894 against, legislation was enacted in that year providing for old age pension

grants. The pensions were to be given to all needy citizens of the United States who have been residents of the State of Arizona for at least five years prior to their application. Pensions were to begin at 60 years of age. The amount of the pension was set at \$15 per month and was to be given so long as the pensioner continued to reside in the State. In November, 1915, the Supreme Court of Arizona declared the Act unconstitutional.

AUSTRALIA

The separate Australian States of New South Wales, Queensland, and Victoria had established old age pension systems prior to 1908. On June 10, 1908, a new old age and invalidity Act was passed which superseded the previous separate acts. The new law, which became effective July 1, 1909, and was amended in some essential respects in December, 1912, applies to the entire Commonwealth, and includes the States of New South Wales, Victoria, South Australia, West Australia, Queensland, and Tasmania.

The Australian law grants pensions to all males over 65 years of age and to all females over the age of 60. In order to receive a pension a person must have resided in Australia for at least 25 years. In addition, the pensioner must also be of good character and not have been imprisoned for four or more months within five years immediately preceding the pensionable age. No pensions are given to persons who are wife-deserters, drunkards, etc. Neither are pensions granted to those whose property is valued at more than £310 (\$1,509). Excluded from the pension grants are also Asiatics or aboriginal natives of Australia, Africa, New Zealand, or the Islands of the Pacific.

The Australian Act also provides for an invalidity pension in addition to the old age pension. The former is payable to any person above 16 years of age, who is permanently incapacitated for work, and has resided in Australia for at

least five years. The applicant for an invalidity pension must have no claim upon an employer for accident compensation and be without property or income in excess of the pension amount. The act of 1912 also specifies that gifts or allowances given to a pensioner by children, grandchildren and relatives, etc., are not included in the income. The Australian Law of 1912 also makes naturalized citizens entitled to pensions from the time of their naturalization, instead of after three years of waiting, as was required previously. The law stipulates that permanently incapacitated persons include the permanently blind. By Acts passed in November, 1912, and December, 1914, the government of Australia set aside a credit of three million, and five and one-half million pounds respectively, for the purpose of the invalidity and old age pension funds.

The amount of the pension is not fixed. The law requires that the amount of pension shall be "at such rate as, having regard to all circumstances of the case, the commission which determines the pension claim deems reasonable and sufficient." The pension must not exceed, however, £26 (\$127) per year. Nor may the pension be of such amount as to bring the pensioner's total income above £52 (\$250) per year. In case the pensioner has property, the pension is reduced to the extent of one pound (\$4.87) for every ten pounds (\$48.70) of the net property exceeding 50 pounds (\$243) exclusive of the home, or above £100 (\$487) including the home. When both husband and wife are pensioners, deduction in case of each of them is one pound for every ten pounds of net property above 25 pounds.

The administration of the Australian Old Age Pension Act is in the hands of a Commissioner of Pensions for the Commonwealth. The Commissioner is assisted by a deputy commissioner in each state. Each state is further divided into districts, each of which is placed in charge of a registrar. The latter's duties are to receive and investigate pension

claims and in general to carry out the provisions of the law. The Pension Commissioner and his deputies are empowered to summon witnesses, receive evidence on oath and to require the production of books and documents. The district registrar after proper investigation makes a recommendation to a local magistrate who makes a further recommendation, whereupon the application is transmitted to the deputy Commissioner. The pension certificate is then issued either by the deputy or Commonwealth Commissioner.

The number of pensioners in Australia has been increasing steadily; the following figures show the continuous rise:

Years	Number of Old Age and Invalidity Pensioners	Amounts Paid in Pensions
1909.....	60,432	.....
1910.....	65,492	\$7,396,007.78
1911.....	82,958	9,092,841.17
1912.....	89,834	10,452,333.44
1913.....	96,682	11,133,507.57
1914.....	104,645	12,544,377.69
1915.....	111,309	13,159,167.59
1916.....	115,322	13,915,621.86
1917.....	120,458	.....

The cost of administering these pensions rose from \$180,752.44 in 1910 to \$216,055.27 in 1916. This amounted to \$12.06 per 100 pounds distributed in 1910, and decreased to \$7.48 per 100 pounds in 1916. The average fortnightly pension amounted to \$4.64 in 1910 and \$4.70 in 1916. The total cost of administering the old age and invalidity pensions in 1916 amounted to about 1.5 per cent. of the total money actually paid in pensions. In the same year, of the total 91,783 old age pensioners in Australia, 37,832, or 41 per cent., were males and 53,951, or 59 per cent., were females.

DENMARK

Denmark led the world in instituting a non-contributory or straight pension system for the aged, just as Germany was

the pioneer in establishing compulsory insurance. Old age pensions were established in Denmark as early as 1891. It was the purpose of the Danish system to provide respectable old persons with some assistance without their becoming paupers. The public authorities are required to help anyone so long as he cannot provide for himself or for his dependents.

According to the Danish law, the age when one may become entitled to a pension is set at 60 years. The conditions of eligibility are many and rigorous. The claimant to a pension must prove that he is unable to provide the necessities of life for himself or his dependents. No pensions are given to applicants who have ever been convicted of a crime, unless subsequently restored to civil rights. The claimant must also not have squandered his means. He must not have received poor relief, except medical aid, during the five years prior to his application for a pension. A pensioner must also be a Danish subject and must have resided at least ten years in a fixed locality prior to application.

The amount of the pension is not specified in the Act. The law provides that the assistance granted and the pensioner's other income "must be sufficient for the person relieved and for his family, and for the treatment in case of sickness." What is a sufficiency is decided by the local authorities. In considering the total income no account is taken of any income amounting to less than 100 kroner (\$26.80) per year. The nature of the relief given may consist either of money or supplies, such as food, fuel and rent. Usually money grants are given in the cities, while necessary goods are given in the rural sections. Pensioners who are unable to care for themselves, are cared for in special homes, which are in the form of detached cottages, or in single large institutions. During the years 1911-12 three per cent. of the pensioners were cared for in these homes.

The pension is given to the head of the family, treating the family as a unit, and is larger for heads of families than for

individuals. In determining the amount of the pension, the former social conditions and manner of living are taken into consideration. Poor relief granted to the wife in the past is considered as poor relief granted to the husband. Pensions are continued until the conditions under which they were granted have changed.

The contributions to the old age relief fund are made both by the State and the communes in equal parts. The pensions are administered by the municipal and communal authorities who employ well trained men for that purpose. The entire system is under the supervision of the Minister of the Interior, to whom all appeals from local authorities are taken.

As in Australia and other countries, the number of pensioners has increased steadily since the inauguration of the system. In 1902 there were 60,066 pensioners; in 1908 71,185, and in 1911 their number was 79,340. Of the 79,340 pensioners in 1911, 16,710 or 21 per cent. were heads of families; 20,085 or 25 per cent. were dependents; 9,356 or 12 per cent were single men, and 33,034 or 42 per cent. were single women. The cost of the pensions had increased since the beginning of the system enormously. In 1892 the amount spent on pensions was 2,600,000 kroner (\$696,800) and in 1913-14 it amounted to 14,013,954 kroner (\$3,755,740).

GREAT BRITAIN

The problem of the government providing some form of assistance for the aged poor was in the foreground for half a century in England. The question assumed a definite shape and attracted an especially great deal of attention in the early nineties of the last century, through Mr. Charles Booth's investigations into the causes of pauperism in old age. The evils connected with the English Poor Law System were generally known and an improvement of the conditions was desired by all. An attempt to relieve the problem of aged de-

pendency by means of voluntary savings and insurance, through the post-offices, failed as in other countries. A number of Royal Commissions and departmental committees to investigate and to consider alterations in the system of English Poor Law Relief were appointed during the two decades that elapsed between Booth's investigations and the adoption of an old age pension plan. The deliberations and reports of these commissions and departmental committees served to focus public opinion on the problem of the aged poor. Finally in 1908, Prime Minister Asquith announced in his budget speech the intention of the government to establish an old age pension act. His outline of the plan soon became law, now known as the Old Age Pensions Act of 1908.

This Act, as amended in 1911, established a non-contributory system of old age pensions throughout the United Kingdom. Pensions, under this law, are granted to all men and women, married or single, who have attained their 70th year. The conditions required in the original law for the receipt of a pension included the following: that the claimant has resided in the United Kingdom for at least 20 years prior to his application. That the applicant is a British subject. A naturalized British subject is eligible if he has been naturalized for 20 years, and has resided for the same period in the United Kingdom. Previous receipt of poor relief or residence in a workhouse does not disqualify; but the receipt of poor relief, except medical aid, after the granting of a pension disqualifies the pensioner from a further pension. Paupers arriving at the age of 70 may, if they choose, give up their outdoor relief or workhouse residence and receive an old age pension instead. The act also specifies that a pensioner must be so far of good character as not to have been a prisoner during the preceding ten years, and not to have habitually failed to work so that his wife and children became dependent on public funds. The act also disqualifies from a pension habitual drunkards, persons actually in prison or under de-

tention as lunatics, as well as inmates of institutions, where the board and lodging amounts to an income above the pensionable limit. The property qualifications, as provided in the original act, limited the claimant's income to £31, 10s. (normally \$153) per annum.

The pension amounts vary in accordance with the total income of the pensioner. The original act provided a maximum pension amount of 5s. (normally \$1.22) per week. The pensions were paid as follows:

	£.	S.	D.	Rate of Pension
When the yearly income did not exceed.....	21	0	0s.	5s.
When the yearly income did exceed £21 0s. 0d. and did not exceed.....	23	12	6s.	4s.
When the yearly income did exceed £23 12s. 6d. and did not exceed.....	26	5	0	3s.
When the yearly income exceeds £28 5s. and does not exceed	28	17	6	2s.
When the yearly income exceeds £28 17s. 6d. and does not exceed	31	10	0	1s.
When the yearly income exceeds £31 10s. 0d...				Nil.

Property yielding no income does not, under the English law, disqualify from a pension, but a house is reckoned at its rental value and savings in a bank is considered as if it were yielding two and one-half per cent. interest. The incomes of husband and wife are added together and each is considered as possessing half the total. Regular allowances, gifts, etc., from friends, relatives, or charity organizations are included in the income. Pensions are paid to both husband and wife.

In the autumn of 1916 the government decided, in order to assist cases of distress among old age pensioners, that additional allowances of not more than 2s. 6d. a week should be paid to pensioners who were suffering "special hardship" through the war from the high prices of food and other economic conditions. Additional payments began in August, 1917. The additional allowances were not granted to inmates of infirmaries or institutions of the poor. The allowances were decreased if the pensioner's income increased and vice versa.

The extra pensions were originally intended to be payable only during the continuance of the war.

Early in 1919 a Departmental Committee on Old Age Pensions was created and instructed "to consider what alterations, if any, as regards rates of pension or qualification should be made in the existing statutory scheme of old age pensions." This committee held many hearings, studied the different phases of the pension law in England and abroad, and finally made the following recommendations:¹

(1) Amount of Pension: "After considering the matter with care," the committee declared, "we recommend that the pension should be increased to 10s. a week permanently as against the actual 7s. 6d. of today, the additional allowance of 2s. 6d. being absorbed in the new pension. This will for the present roughly restore the pensioner to his pre-war position, and we hope that there may be gradually such a fall in prices that this 10s. will ultimately represent a substantial increase in the value of the original pension."

(2) Income Qualification: "We have been insistently forced to advocate that the means limit be abolished altogether, and that the old age pension be given to all citizens at the age of 70. We are of the opinion that no other course will remove the very serious objections to the present system."

(3) Age of Pension: "The qualifying age shall remain at 70 pending inquiry as to the possibility of extending the scope of the Insurance Acts." The committee further declared:

"Our inquiries have indeed shown that such provision is wholly inadequate. We are informed that only 23 per cent. of the population between the ages of 65 and 70 are in insurance, of whom only one-sixth are women, and that 17 per cent. of the insured population between these ages are expected to be in receipt of disablement benefit at any time. These figures suggest that there must be a large mass of invalidity, especially among women in the years immediately preceding the pension age, for which at present no sat-

¹ Report of the Departmental Committee on Old Age Pensions, 1919, London.

isfactory provision is made. But on financial and other grounds it would be preferable to deal with these cases by suitable adaptation of the contributory system of insurance rather than by extending the sphere on non-contributory pensions to a lower age, and the inadequacy of the existing system of National Insurance is not, in our judgment, sufficient argument for throwing the entire cost of invalidity pensions on to the Exchequer, until it has been clearly demonstrated that there is no alternative.

"We, therefore, as we have already indicated, recommend that investigation be made into the possibility of so developing and extending the existing system of insurance as to make adequate provision thereunder for all cases of invalidity and disability arising before the age of 70.

"Accordingly, we do not in this report and at this time recommend a reduction of age, though we appreciate the facts which lead to requests for this reduction. They disclose a state of things which cannot be left as it is. There is a real problem, and we feel bound to add that unless it can be met in connection with National Insurance and met adequately, particularly in the case of women, which seems to us the most pressing, some development of the pension system or some substantial reduction in the pension age will become imperative.

(4) "Outdoor relief, or home assistance should not be disqualification for the receipt of pension. Pensions should not be paid to inmates of public institutions for more than three months.

(5) "Aliens should become eligible for pensions 10 years after naturalization if they have been residing in the United Kingdom for at least 20 years, and the possibility of reciprocal international agreements should be considered. British-born wives of aliens should be eligible for pensions.

(6) "The term of residence required to qualify for pension should be 12 years after reaching the age of 50. Reciprocal arrangements with regard to residence within the British Empire are suggested.

(7) "Disqualification for any period following a term of imprisonment should be abolished save in the case of habitual inebriates.

(8) "The 'failure to work' disqualification should be abandoned."

As a result of the Committee's recommendation Parliament amended the Old Age Pension Act in December, 1919, embodying practically all the Committee's recommendations.

The amended act became operative Jan. 2, 1920.

In accordance with the amended Act, the maximum pension was increased to 10s. per week. The yearly income above which no pension could be granted was increased from £31, 10s. to £49, 17s. The provision which disqualified a recipient of poor relief from pensions was abandoned. This was done because it was believed that the latter was an artificial disqualification and led to inadequate standards of living. The condition as to residence was reduced to 10 years and changes were also made in the qualifications of former prisoners, the status of wives of aliens, etc.

In 1909, the first year of the English plan, the number of pensioners was 647,494. This increased to 987,238 at the close of the fiscal year 1914-15. According to the census of 1911, 624 out of every 1,000 persons of pensionable age in England and Wales, were receiving pensions. In other words, only two of every five persons 70 years of age and over, in England and Wales had private annual incomes of their own, amounting to at least £31 (\$153). The expenditures on pensions increased from £8,077,110 (\$39,307,259) for the year 1908-09 to £12,315,061 (\$59,931,245) for the year 1913-14. In 1919, the amount reached nearly £8,000,000 (normally about \$90,000,000).

The total number of persons in receipt of old age pensions on March 31, 1919, was 920,198, of whom 911,706 were receiving the additional allowances granted during the war. The num-

ber of pensioners from the first year of operation to the present were as follows:

Table showing the number of Pensions Payable on the Last Friday in March.

Year	England	Wales	Scotland	Ireland	Total
1909	369,037	24,663	70,294	183,500	647,494
1910	414,108	27,381	76,869	180,974	699,332
1911	575,789	38,084	91,806	201,783	907,461
1912	602,441	40,083	94,319	205,317	942,160
1913	626,753	41,890	96,239	203,036	967,921
1914	642,161	42,474	97,394	202,202	984,131
1915	648,868	42,537	96,895	198,930	987,230
1916	647,109	42,001	95,277	193,723	978,112
1917	629,787	40,606	91,656	185,731	947,780
1918	630,909	40,800	90,600	180,868	943,077
1919	618,845	38,973	87,681	173,699	920,198

The following table also shows the amounts paid in pensions during each year since the adoption of the plan:

Year	Amount £
1909	2,026,395
1910	8,468,128
1911	9,683,442
1912	11,714,434
1913	12,138,108
1914	12,575,561
1915	12,460,565
1916	12,606,678
1917	13,732,207
1918	16,961,018
1919	17,728,000

The old age pension set is administered by the Local Government Board which operates through local pension commissions, and paid officers. The administrative expenses for the year ending March, 1920, are shown in a table following.

Great Britain's liberality in providing pensions for the aged was explained by Lloyd George in 1917, in reply to a dep-

Customs and Excise Department.....	£385,000
Post Office	156,000
Local Pension Committee*.....	54,500
Ministry of Health.....	5,294
Scottish Board of Health.....	1,186
Local Government Board (Ireland).....	6,500
Registrar General's Office.....	2,850
Registrar General's Office (Scotland).....	1,150
Public Record Office (Ireland).....	1,830
Stationery and Printing.....	2,200

utation from the Parliamentary Commission of the Scottish Trade Union Congress.¹ The Prime Minister declared that the benevolence of the State would be developed and extended in the future according to its means. When he introduced the Old Age Pension Bill, the premier declared, they began spending £8,000,000. The £8,000,000 grew to between £12,000,000 and £13,000,000, at the beginning of the war, and now the £13,000,000 had grown into something like £18,000,000. They now had 7s. 6d. for the old age pensioner, and they had 5s. for those who were incapacitated. That had made a difference which it was very difficult to reckon or to portray in words, in the lives of hundreds of thousands of old people who deserved well of the community. "He hoped the State would go on extending and recognizing the obligations it owed to these people. He thought the worker in any rank of life ought to be able to claim as a matter of right from the community, the same security as the civil servant against indigence and squalor and misery, when his strength had given out. The war had opened people's eyes. The sort of individual conflict which constituted almost the life of the nation before the war was merging into a sense of community and fraternity which had come from common trials and burdens and sorrows. He thought that after the war the country, shouldering the heavy burden of the war, would be in a better temper and a better

*Includes expenses in connection with claims for Separation Allowances to Old Age Pensioners.

¹ Local Government Chronicle, Oct. 27, 1917, London.

frame of mind to consider every cause which was righteous, and the cause of the blind, the afflicted, the aged and the miserable amongst us were of that kind."

Bearing the above in mind it is significant to note that as this book goes to press, the newspapers report that at the National Old Age Pension conference held recently in Newcastle, England, letters were read from thirty-two members of Parliament favouring universal pensions.

NEW ZEALAND

A non-contributory old age pension system was established in New Zealand in 1898. The original law was amended in important respects in 1905, 1912, and 1913. As amended in 1913 and 1914 the Act provides for the payment of pensions to every male person at the age of 65 or upwards and to every female person at the age of 60 years or upwards. Pensions are granted also to males at the age of 60 years and females at the age of 55 years who have two or more children under the age of 14, dependent upon them for support.

The eligibility qualifications for a pension are rigorous. Pensions are granted only to those who have fulfilled the following requirements: The pensioner must have resided in New Zealand continuously for not less than 25 years immediately preceding his claim. Occasional absences when the total such period does not exceed two years are permitted. The claimant must not have been imprisoned for four months, or on four occasions, during the period of 12 years immediately preceding the date of his claim, nor imprisoned for a term of five years during the last 25 years. The pensioner must have also, if a husband, not deserted his wife or neglected to maintain his children, or if a wife deserted her husband or such of her children as were under 14 years of age. The claimant must in addition be of good moral character and one who has for at least the last year led a sober and reputable life. The law

also forbids granting pensions to those whose yearly income exceeds £60 (\$292) and those whose accumulated property amounts to over £260 (\$1,265). In case of a married couple the income of both husband and wife must not exceed £90 (\$438) per year. As in Australia, pensions are not given to Asiatics, Maoris and aboriginal natives.

The amount of the annual pension is set at £26 (\$127). One pound from the pension is deducted for every one pound of income over £34 (\$165) and for every £10 (\$48.70) of net property in excess of £50 (\$243). Where the pensioner is a woman under 65 years of age the amount of the pension shall be further diminished by one pound for every year or part of a year by which the age of the applicant is less than 65 years. An additional pension, the amount of which is left at the discretion of the magistrate but which may not exceed £13 per annum may be given to pensioners when young children are dependent upon him or her.

Personal property is not taken into consideration in determining the amount of accumulated property. It is also specified that a pensioner may retain a home to the value of £650 (\$3,163). Provisions are made for the transfer of such property to the Public Trustees. The pensioner, or his survivors if entitled to a pension, are permitted to reside in the said property. At the death of the pensioner the Public Trustee sells the property and deducts out of the proceeds the total amount paid in pensions since the transfer of such property together with four per cent. interest.

In case the pensioner is married and living with his wife the net capital value of all the accumulated property of each is deemed half the total of both. The yearly income of each is also deemed half the total annual incomes of both. The total pension granted to both husband and wife living together must not exceed, together with the total incomes of both, £100 for the year. The law also provides for institutional care for those who are unable to maintain homes for themselves.

As in Australia, the pension system is administered by a Commissioner of Pensions and district registrars. The colony is divided into districts for this purpose. Pensions are awarded for one year only, but may be renewed.

The following table shows the steady increase in the number of pensioners and the cost of the scheme from its beginning in 1899 to 1920.

Number of Pensioners and Amounts spent in New Zealand each year since 1899 to 1920:

Year	No. of Pensioners	Amount Spent
1899.....	7,448	£8,124
1900.....	11,285	157,942
1901.....	12,405	197,392
1902.....	12,776	207,468
1903.....	12,481	210,140
1904.....	11,926	208,164
1905.....	11,770	195,475
1906.....	12,582	254,267
1907.....	12,357	314,184
1908.....	13,569	325,199
1909.....	14,396	336,780
1910.....	15,320	362,496
1911.....	16,020	363,593
1912.....	16,649	406,256
1913.....	16,509	415,761
1914.....	18,050	416,776
1915.....	19,352	460,814
1916.....	19,804	479,339
1917.....	.....	.....
1918.....	19,960	.....
1919.....	19,872	482,458
1920.....	19,993	475,869

From 1898 to 1920, a total of 67,275 persons applied for old age pensions in New Zealand. Grants were made to 54,062 persons. During the fiscal year which ended in 1920, a total of 3,029 claims for pensions were made and 2,289 new pensions were granted. In the same year 2,168 pensions were cancelled either because of death of pensioner or for other reasons, leaving a net increase of 121 pensioners. The average pension during the last fiscal year amounted to £23, 12s. The percentage of European pensioners to the total European population was 1.6 in 1920. The total amount

disbursed on old age pensions since the beginning of the pension law up to 1920 was £7,928,788.¹

URUGUAY

On May 15, 1919, an old age pension law went into effect in Uruguay. The act provides for the pensioning of all persons upon reaching the age of 60 years, or other persons who have become totally incapacitated and are indigent, regardless of their age. Foreigners or naturalized citizens who have resided continuously in Uruguay for 15 years are entitled to pensions.

The Uruguayan law is somewhat different from most other systems in that it provides for contributions from employers but not from employes. The fund for the payment of these pensions is made up from the following: (1) A monthly tax of 20 centesimos (20.68 cents) payable by the employers for each person employed by them: (2) A surtax upon real estate valued at 200,000 pesos (\$206,840) and over. The surtax ranges from 1.05 pesos (\$1.09) per 1,000 pesos valuation on property valued at from 200,000 pesos to 300,000 pesos to 1.30 pesos (\$1.34) per 1,000 pesos on property valued at 700,000 pesos and over. (3) A tax on playing cards of 20 centesimos (20.68 cents) if imported and ten centesimos (10.34 cents) if manufactured within the country. (4) An increase of twelve centesimos per liter (11.7 cents per quart) of the present tax on imported liquors. (5) An internal tax of 60 centesimos per liter (58.7 cents per quart) on imported alcohol and domestic alcohol not destined for denaturation. (6) The tax on imported brandies was increased by 18 centesimos (18.44 cents).

The annual pension is to be not less than 96 pesos (\$99.28) and may be paid in cash or in supplies. In case a pensioner is in receipt of any annuities or allowances in excess of ten

¹ Twenty-Second Annual Report of the Pensions Department, 1920. Wellington, New Zealand.

pesos (\$10.34) the pension granted under this Act is reduced to 50 per cent of that sum in excess of ten pesos.¹

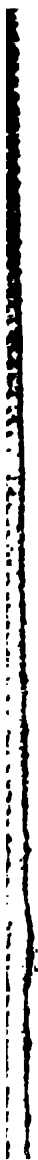
On September 30th, 1919, the National Congress of Uruguay passed another act providing for pensions for public service employes which include the railroad, telegraph, tramway, telephone and water and gas distributing companies.

The full pension is paid after 30 years of service, but a right to a proportional pension is acquired after ten years of service, continuous or not. Employes of this class are entitled to one-thirtieth part of the full pension for each year of service. In case of permanent incapacity employes are entitled to a pension regardless of length of service. The pension ranges in accordance with the average wages for the last five years of service. Pensions are also paid to dependents and survivors of employes.²

¹ Monthly Labour Review, Sept. 1919, pp. 349-350.

² Ibid. August 1920, pp. 135-137.

APPENDIX



(A) BILL INTRODUCED BY SENATOR McNARY

IN THE SENATE OF THE
UNITED STATES

AUGUST 15, 1919.

A BILL

To provide old-age pensions.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,
That every person in whose case the conditions laid down by this Act for the receipt of an old-age pension are fulfilled shall be entitled to receive such a pension as long as those conditions continue to be fulfilled, and the receipt of an old-age pension under this Act shall not deprive the pensioner of any franchise, right, or privilege, or subject him to any disability.

SEC. 2. That the conditions for the receipt of an old-age pension by any person shall be as follows:

(a) The person must have attained the age of sixty-five years.

(b) The person must have been a citizen of the United States for the twenty years next preceding the application for a pension under this Act.

(c) The person must not have had an income from any source, exclusive of the pension herein provided for, for the twelve months next preceding his application, averaging \$6 per week.

SEC. 3. That a person shall be disqualified for receiving or

continuing to receive an old-age pension under this Act, notwithstanding the fulfillment of the above conditions—

(a) If before he becomes entitled to a pension he has habitually failed to work according to his ability, opportunity, or need for the maintenance and support of himself and those legally dependent on him: *Provided*, That a person shall not be disqualified under this paragraph if he has continuously for the ten years previous to attaining the age of fifty-five, by means of payments to fraternal, benefit, or other societies, or trades-unions, or other approved steps, made such provisions against old age, sickness, infirmity, or want, or loss of employment, as may be recognized as proper provision for the purpose; and any such provision, when made by the husband, in the case of a married couple living together, shall, as respects any right of the wife to a pension, be treated as having been made by the wife as well as by the husband.

(b) While he is being maintained in any place as a pauper or lunatic.

(c) While he is detained in prison after conviction for a felony, and for a further period of ten years after the date of release from imprisonment for such cause.

SEC. 4. That every person fulfilling the required conditions shall be placed upon the pension roll of the United States and be entitled to receive until death a pension from the United States Government provided by an annual appropriation from Congress. Such pension shall be graded according to the following schedule:

When the average weekly income of the pensioner as calculated under this Act does not exceed \$6, \$4 per week; exceeds \$6, but does not exceed \$7, \$3 per week; exceeds \$7, but does not exceed \$8, \$2 per week; exceeds \$8, but does not exceed \$9, \$1 per week.

SEC. 5. That in calculating the income of a person for the purpose of this Act, account shall be taken of—

(a) The income which that person may reasonably expect

to receive during the succeeding year in cash, excluding any sums receivable on account of an old-age pension under this Act, that income, in the absence of other means for ascertaining the same, being taken to be the income actually received during the preceding year.

(b) The yearly value of any advantage accruing to that person from the ownership or use of any property which is personally used or enjoyed by him.

(c) The yearly income which might be expected to be derived from any property belonging to that person which, though capable of investment or profitable use, is not so invested or profitably used.

(d) The yearly value of any benefit or privilege enjoyed by that person.

SEC. 6. That in calculating the income of a person being one of a married couple living together, the income shall not in any case be taken to be less than one-half the total income of the couple: *Provided*, That when both husband and wife are pensioners, except where they are living apart pursuant to any decree, judgment, order, or deed of separation, the rate of the pension shall be three-fourths of the rates given in the above schedule.

SEC. 7. That if it appears that any person has directly or indirectly deprived himself of any income or property in order to qualify himself for the receipt of an old-age pension, or for the receipt of an old-age pension at a higher rate than that to which he would otherwise be entitled under this Act, that income or the yearly value of that property shall be taken to be part of the income of that person.

SEC. 8. That any assignment of or charge on and every agreement to assign or charge an old-age pension under this Act shall be void and on the bankruptcy of a person entitled to an old-age pension the pension shall not pass to any trustee or other person acting on behalf of the creditors.

SEC. 9 That the said pension shall be paid in thirteen

equal installments in each year in advance. It shall begin on the date the claim is filed, and the arrears from that time to the time of allowance shall if the claimant be then living, but not otherwise, be paid in a lump sum.

SEC. 10. That the said pension may be increased or decreased every twelve months, whenever the pensioner's income increases or decreases, according to the terms of the schedule.

SEC. 11. That wherever in this Act the masculine pronoun is used it shall be held to include the feminine pronoun also.

SEC. 12. That all claims for old age pensions under this Act shall be filed with the Department of the Interior, together with affidavits containing such statements as may be prescribed by the Secretary of the Interior, who shall make such rules and regulations as may be necessary to carry out the provisions of this Act.

(B) BILL PRESENTED BY THE PENNSYLVANIA
OLD AGE PENSION COMMISSION TO THE 1921
PENNSYLVANIA STATE LEGISLATURE, AND WHICH
IN ITS MAIN PROVISIONS HAS, IN EFFECT, THE EN-
DORSEMENT OF THE SOCIAL INSURANCE
COMMITTEE OF THE AMERICAN ASSOCIATION FOR
LABOR LEGISLATION

AN ACT

Providing for the protection and assistance of aged persons under certain conditions in the Commonwealth of Pennsylvania and prescribing penalties for violation of its provisions and making an appropriation therefor

Section 1 *Be it enacted by the Senate and House of Representatives of the Commonwealth of Pennsylvania in General Assembly met and it is hereby enacted by the authority of the same* That beginning January first one thousand nine

hundred and twenty-three subject to the provisions and under the restrictions imposed by this act every person (man or woman married or single) shall while residing in the Commonwealth of Pennsylvania be entitled to assistance in old age

ADMINISTRATION

Section 2 (a) The central authority shall be vested with a State Old Age Assistance Board hereinafter called State Board composed of three (3) citizens of the State who shall be appointed by the Governor for a term of four years except that of the members first appointed one shall be appointed for a term of two years, one for a term of three years and one for a term of four years Each member of the Board shall receive in addition to the necessary expenses incurred in the performance of their duties ten dollars per diem while actually engaged in the business of the Board Vacancies shall be filled in the same way as the original appointment was made

(b) The State Board shall appoint a State Old Age Assistance Superintendent who shall be a person having had experience and training in the problems of organized relief who shall be familiar with the social and economic conditions of the State of Pennsylvania and who shall in general be qualified by training and experience for this work

(c) The State Board shall fix the salary of the Superintendent which shall not exceed seven thousand five hundred dollars (\$7,500) per annum and the Superintendent with the approval of the State Board shall appoint the necessary number of assistants and fix their salaries and duties

(d) There shall be in each county a County Old Age Assistance Board hereinafter known as the County Board to consist of three citizens of the county who shall be appointed by the Governor with the approval of the State Board on the recommendation of the County Commissioners except that of the members first appointed one shall be appointed for a term

of two years one for a term of three years and one for a term of four years Vacancies shall be filled in the same way as the original appointment was made The members of the Board shall serve without pay except that necessary expenses incurred while in the performance of their duties shall be paid to them

(e) The State Board as well as the County Board shall perform all the duties imposed upon them by this act and the State Board shall have authority to make the rules and regulations required to carry out the provisions of this act

(f) The County Board with the approval of the State Board and State Superintendent may appoint one or more local investigators who shall be trained and experienced in the problems of organized charity at a salary for each not to exceed two thousand five hundred dollars (\$2,500) per annum The County Board or its investigator or investigators shall investigate all cases properly brought before them and the recommendations of the County Board shall be forwarded to the State Board for its approval provided that in case of complaint or grievance a rehearing may be had before the State Board which decision shall be final provided further that the claimant may again apply for assistance in the same manner to the County Board one year after date of first application

(g) The State Board and the County Boards shall be required to meet at regular intervals of not less than two (2) months and at such times as may be fixed by the rules of the Boards

ALLOWANCE

Section 3 (a) The amount of assistance shall be fixed by the State Board with due regard to the conditions in each case but in no case shall it exceed twenty-five dollars (\$25) per month

QUALIFICATIONS OF CLAIMANTS

Section 4 Old Age assistance may be granted only to an applicant who

(a) Has attained the age of sixty-five or upwards

(b) Is a citizen of the United States

(c) Resides in the State of Pennsylvania and has so resided continuously for not less than fifteen years immediately preceding the date of application for assistance Provided That continuous residence in Pennsylvania shall not be deemed to have been interrupted by occasional absence therefrom where the total period of all such absence does not exceed two years or in case the person has been absent from the State while in the employ or service of the State or of the United States and provided further that a person who resided in the State of Pennsylvania forty (40) years at least five (5) of which have been immediately preceding the date of application shall be deemed qualified in respect to residence.

(d) Is not at the date of making application an inmate of any prison jail or workhouse infirmary insane asylum county or district poorhouse or any other public reform or correctional institution

PROPERTY QUALIFICATIONS

Section 5 (a) The income of the claimant from all sources at the date of application for relief shall not exceed three hundred dollars (\$300) per annum and also the net capital value of the accumulated property of such person or the accumulated property of husband and wife together must not exceed five thousand dollars inclusive of a homestead

(b) The claimant must not have deprived himself or herself directly or indirectly of any property for the purpose of qualifying for old age relief

(c) The aged person must have no child or any other person responsible for the support of such person under the laws

of the State of Pennsylvania adjudged by the assistance authorities fully able financially to support the applicant

(d) At the death of the person so assisted or the last survivor of a married couple the total amount of the assistance since the first grant together with three per centum interest shall be deducted and allowed by the proper courts out of the proceeds of the property as a preferred claim against the estate of the person so assisted and refunded to the State Treasury to the credit of the Assistance Fund leaving the balance for distributing among the lawful heirs in accordance with the law provided that the State assistance authorities may demand the assignment or transfer of such property to the State Board upon the first grant of assistance The State Board shall establish such rules and regulations regarding the care transfer and sale of such property as it deems advisable and also provide for the return of the balance of the claimant's property in its hands whenever assistance is withdrawn or the claimant ceases to request it

CALCULATION OF INCOME

Section 6 (a) The annual income of any property inclusive of a homestead shall be computed at five per centum of its determined value

(b) In ascertaining the claimant's income and amount of assistance his income for the last preceding year shall be deemed his annual income and the property owned at the end of that year as his accumulated property provided that when the claimant shows to the satisfaction of the assistance authorities the loss of personal income derived from personal earnings it shall be deducted from the income of the preceding year in considering the assistance grant

HOW ADMINISTERED

Section 7 (a) A claimant for an assistance grant under

this act shall deliver his or her claim in writing to the County Board of the county in which the claimant resides in the manner and form prescribed by the State Board All statements in the application shall be sworn to or affirmed by the applicant setting forth that all facts are true and correct in every material point

(b) After proper investigation a copy of the application for old age assistance with the decision of the County Board and recommendation of the amount of assistance if any and the material reasons for such decision shall be promptly forwarded to the State Board In case the State Board decides against the grant or reduces its amount upon demand of the claimant it shall set a date for a hearing before the County Board which shall be attended by the State Superintendent or his assistant with full powers of investigation The claimant shall be notified sufficiently in advance of the date of the hearing on which he may attend to support his claim whereupon the recommendations of the Board with the report of the Superintendent or his assistant shall be forwarded to the State Board whose decision thereon shall be final

(c) For the purpose of such investigations the boards both State and county shall have the power to compel by subpoena issued by either board the attendance and testimony of witnesses and the production of books and papers All witnesses shall be examined on oath and any member of the State or county boards may administer said oath

(d) In the investigation of any claim for old age assistance and any renewal thereof the State board shall investigate and determine all cases by such means and in such manner as it deems proper

Section 8 (a) When the claim is established and the rate of the first year's grant is fixed the county board shall in the manner prescribed certify the same to the State board which shall issue the claimant an old age assistance certificate stat-

ing the amount of the monthly or quarterly payment and which shall be good for one year

(b) An assistance certificate shall be required for each subsequent year to be renewed or issued after satisfactory investigation

Section 9 (a) The assistance shall commence on the date named in the old age assistance certificate which shall be the first day of the month within which the certificate is issued provided that in case of assistance granted the assistance certificate shall be issued not later than three (3) months after application has been made

(b) All installments shall be paid in monthly or quarterly payments as the county board shall recommend the payments to be made in such form and manner as may be prescribed by the State board

Section 10 (a) If at any time during the currency of an old age assistance certificate the recipient or the wife or husband of the recipient becomes possessed of any property or income in excess of the amount allowed by law in respect to the amount of assistance granted the county board may on inquiry and with the approval of the State Board either cancel the assistance or vary the amount thereof during the period of the certificate And it shall be the duty of the recipient to immediately notify the county board of the receipt and possession of any such property or income

(b) If on the death of any recipient of an old age assistance grant it is found that he or she was possessed of property in excess of the amount allowed by law in respect to the amount of the assistance granted double the total amount of the relief granted in excess of that to which the recipient was by law entitled may be recovered by the State board as preferred claim from the estate so found in excess The Attorney General at the request of the State board shall take the necessary proceedings to recover such claims and the amount recovered shall be paid into the State Treasury

Section 11 On the death of a recipient of old age assistance the installment then accruing and such other reasonable funeral expenses as necessary for the burial of such person shall be paid to such persons as the county board directs provided that these expenses do not exceed one hundred dollars (\$100) and provided further that the estate of the deceased is insufficient to defray these expenses

Section 12 (a) When an old age assistance recipient becomes an inmate of any charitable or benevolent institution the amount of assistance shall be paid to the governing authorities of that institution and shall be applied toward defraying the actual expenses of such person in such institution provided that the State board has approved and is permitted freely to visit and inspect said institution and provided further that any surplus assistance moneys remaining after defraying such cost shall be paid to the recipient It shall not be lawful however for the authorities of any charitable institution receiving public moneys to refuse admission as an inmate of such institution or to refuse to grant relief on the grounds that the person is an old age assistance recipient under this act

(b) During the continuance of the assistance no recipient shall receive any other relief from the State or from any political subdivision thereof except for medical and surgical assistance

Section 13 All old age assistance grants shall be absolutely inalienable by any assignment sale charge on execution or otherwise and in case of bankruptcy the assistance shall not pass through any trustee or other persons acting on behalf of the creditors

FINES PUNISHMENT AND CRIMINAL PROCEDURE

Section 14 If at any time the State board has reason to believe that any old age assistance certificate has been improperly obtained it shall cause special inquiry to be made by the county board and may suspend payment of any install-

ment pending the inquiry It shall also notify the county board of such suspension If on inquiry it appears that the assistance certificate was improperly obtained it shall be cancelled by the state board but if it appears that the certificate was properly obtained the suspended installment shall be payable in due course

Section 15 (a) Any person who by means of wilfully false statement or representation obtains or attempts to obtain

(a) An assistance certificate not being justly entitled to

(b) An assistance of a larger amount than he is justly entitled to

(c) By any means of personation or any other fraudulent device whatsoever obtains or attempts to obtain payment of any forfeited installment grant

(d) By wilfully false statement or representation he aids or abets any person to obtain an old age assistance certificate or any installment payable thereunder

(e) Aids and abets in buying or in any way disposing of the property of an old age assistance recipient without the consent of the State board shall be guilty of a misdemeanor and upon conviction thereof shall be sentenced to pay a fine not exceeding five hundred dollars (\$500) and to undergo imprisonment not exceeding three years or both in the discretion of the court

Section 16 (a) Any person who violates any provision of this act for which no penalty is specifically provided shall be subject to a fine not exceeding five hundred dollars (\$500) and to undergo imprisonment not exceeding three years or both in the discretion of the court

(b) Where an old age assistance recipient is convicted of an offense under this section the assistance authorities may cancel the assistance certificate in respect to the issue of which the offense was committed

Section 17 If any recipient under this act is convicted of any crime misdemeanor or felony or any other offense

punishable by imprisonment for one month or any longer period the county board shall direct that payments be not made during such periods Furthermore if the recipient is found incapable of taking care of his money or himself on the testimony of at least three witnesses the county board may direct the installment of his assistance be paid to any other reputable person for his benefit or may recommend the suspension of same to the State Board for such period as it deems fit

Section 18 In case of forfeiture of an assistance certificate the person whose assistance is so forfeited shall be disqualified to make any application for a new assistance certificate until the expiration of one year from the date of forfeiture

FUNDS AND EXPENSES

Section 19 The funds for the payment of old age assistance shall be furnished by the Commonwealth of Pennsylvania

Section 20 (a) All expenses incurred by the State Board in administration investigation and salaries shall be borne by the State and a sum of \$50,000 for the next two years is hereby appropriated for this purpose

(b) All expenses incurred by the county boards in administration investigations and salaries shall be paid by the county treasurer from the moneys of the county

ANNUAL REPORT HEARINGS ETC

Section 21 Within ninety (90) days after the close of each calendar year the State Board shall make a report for the preceding year stating

- (a) The total number of recipients
- (b) The amount paid in each
- (c) The total number of applications
- (d) The number granted assistance the number denied and

the number cancelled during that year and such other information as the State Board may deem advisable

Section 22 All methods of procedure in hearings investigations recording registration and accounting pertaining to the old age assistance under this act shall be in accordance with the rules and regulations as laid down from time to time by the State Board

Section 23 Every assistance granted under the provisions of this act shall be deemed to be granted and shall be held subject to the provisions of any amending or repealing act that may hereafter be passed and no recipient under this act shall have any claim for compensation or otherwise by reason of his assistance being affected in any way by any such amending or repealing act

Section 24 Within ninety days of the signing of this act the Governor shall appoint the members of the State Board